

P A P E R S

RESPECTING

THE NEGOCIATION

FOR

A RENEWAL

OF THE

EAST-INDIA COMPANY'S

Exclusive Privileges.

LONDON :

PRINTED, BY ORDER OF THE COURT OF DIRECTORS,

FOR THE

INFORMATION OF THE PROPRIETORS,

AND

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1812.

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- No. II.—Letter from the Rt. Hon. Robert Dundas to the Chairman and Deputy Chairman, dated 30th September 1808, referred to in the preceding Minute.
- No. III.—Minute of a Secret Committee of Correspondence, 12th October 1808; and Letter from the Chairman and Deputy Chairman, to the Rt. Hon. Robert Dundas, dated the same Day.
- No. IV.—Minute of a Secret Court of Directors, held on Wednesday, 7th December 1808.
- No. V.—Minute of a Secret Court of Directors, held on Friday, 16th December 1808; and Letter from the Chairman and Deputy Chairman, to the Rt. Hon. Robert Dundas, dated the same Day.
- No. VI.—Minute of a Secret Court of Directors, held on Friday, 13th January 1809; and Letter from the Rt. Hon. Robert Dundas, to the Chairman and Deputy Chairman, dated 28th December 1808.
- No. VII.—Minute of a Secret Court of Directors, held on Tuesday, 17th January 1809.
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At a SECRET COURT of DIRECTORS, held on Wednesday, the 30th March 1831.

THE Chairman stated to the Court that the Deputy Chairman and himself had, by appointment, the honour of an interview at Apsley House, on the 12th October last, with the First Lord of the Treasury, at which interview the President of the Board of Commissioners for the Affairs of India was present.

That he had communicated the substance of what then passed to a Secret Committee of Correspondence, which Committee, on the 20th of that month, agreed to a Minute containing their opinions on the important points then brought to their notice by the Chairman: that a copy of the said Minute was forwarded to the First Lord of the Treasury on the same day: And that although that noble personage had since retired from His Majesty's Councils, the Chairman felt it to be his duty to lay the Minute of the interview, and that of the Committee of Correspondence, before the Court for their information. The Chairman added that a copy had been sent to the late President of the Board.

The same were read.

MINUTE of CONFERENCE at Apsley House on Tuesday the 12th October 1830, noticed in the preceding Minute. (Secret and confidential.)

THE Chairman and Deputy Chairman of the East-India Company had, by appointment, the honour of an interview with the Duke of Wellington and Lord Ellenborough at Apsley House, on Tuesday morning the 12th instant.

The Duke of Wellington stated, that as the period was approaching when the Parliamentary notice must be given of the termination of the Company's exclusive privileges in 1834, and as it might be thought necessary to advert to that circumstance in the King's speech on the ensuing meeting of Parliament, he had requested to see the Chairs in order to ascertain what the views and intentions of the Company would be in the event of its being considered expedient that the Court of Directors should continue to exercise functions similar to those now entrusted to them in the Government of India, but that the Company should no longer possess the monopoly of the China trade.

To these remarks the Chairman replied that so far as his individual opinion went, and that also of the Deputy Chairman, they were satisfied that the Company had no view with respect to the government of India, beyond that of being a useful instrument in the execution of an important national trust; and that they would not be indisposed to continue their services to the public provided the requisite means were insured to them, by which they might be enabled to administer the government consistently with their own character and for the benefit of this country and of India. That financially speaking there is now a large annual deficit which the Company have been enabled to provide for chiefly through the China trade, that such deficiency would continue to a considerable amount, and that it was not apparent from what means the same could be met if the China monopoly was discontinued. That there is moreover an annual sum of nearly three millions sterling disbursed in this country on account of India, the remittance of which has been solely effected through the Company's trade. If the Company abandoned their commercial character, the Chairs did not see how this remittance was to be effected in future.

That under the existing system, the Indian territory had access to all the commercial capital of the Company, which assistance the Company had been willing to afford as long as their trade had yielded a dividend of ten and a half per cent. without risk of their commercial capital.

That under any contemplated change, the Court of Directors would feel it to be their first duty to maintain and to secure the interests and property of their constituents, who it could scarcely be expected, would consent to any portion of their capital remaining at hazard without ample guarantee and security.

The Duke of Wellington and Lord Ellenborough considered that the Proprietors had full security for their capital stock, and for the dividend at its present rate in their commercial assets, and in the value of the fixed property in India which might be adjudged to appertain to the Company in its commercial capacity. That the Company would retain the right to trade as a corporate body; and that Parliament should reserve the power of revising any arrangement which might now be entered into, if the Company ceased to have a commercial character.

Lord Ellenborough trusted that the reductions already ordered, and those which might hereafter be made, would bring the charges within the revenue by the termination of the Charter in 1834.

To this it was stated by the Chairs, that they apprehended rather a diminution than an increase of revenue; upon which

The Duke of Wellington said, that should the expectation expressed by Lord Ellenborough be disappointed, the deficit must be made good by loans or otherwise, as Parliament might direct; but that by the supposition of the revenue of India being no longer assisted by the profits of the China monopoly, it would be necessary to subject the expenditure to general and efficient control

Other points of importance were touched upon, having reference to the conditions upon which the Court of Directors might, without prejudice to the interest of their constituents, continue to be engaged in the territorial administration of India, when divested of the monopoly of the China trade; but the statement of the discussion upon these points is not essential; as the object of the interview was merely to open the whole subject for the consideration of the Chairs.

The Duke of Wellington observed, that what had passed was to be considered as a private communication, and it was agreed that the outline of the conversation should be stated in writing, and mutually approved.

The Chairman stated, that when such Memorandum had been agreed upon, he should make the same known to a Secret Committee of Correspondence. The Duke then expressed a hope that when the Committee were in possession of the communication, he should hear from the Chairs upon the subject.

(Signed) ELLENBOROUGH,
W. ASTELL,
R. CAMPBELL.
(16th Oct. 1830.)

London, 12th Oct. 1830.

At a SECRET COMMITTEE OF CORRESPONDENCE, the 20th October 1830.

THE Committee proceeded to the consideration of the Minute of what passed at an interview which, at the instance of the Duke of Wellington, took place between His Grace and Lord Ellenborough and the Chairman and Deputy Chairman at Apsley House, on Tuesday morning the 12th instant.

The Chairs were informed by the Duke of Wellington, that the period was approaching when the Parliamentary notice must be given of the termination of the Company's exclusive privileges, and, as it might be thought necessary to advert to that circumstance in the King's speech on the ensuing meeting of Parliament, he was desirous to ascertain what the views and intentions of the Company would be, in the event of its being considered expedient that the Court of Directors should continue to exercise functions similar to those now entrusted to them in the government of India, but that the Company should no longer possess the monopoly of the China trade

The Committee are far from offering any objection to an early and a full consideration of the general question touching such future plan as may be proposed by His Majesty's Ministers, for a further agreement between the Public and the Company; but they did not anticipate being called on within fourteen days only of the meeting of Parliament for an opinion, upon a supposed plan which it might eventually be deemed expedient to propose to the consideration of the Court of Directors.

The Committee do not perceive the necessity for connecting with the

announcement of the three years' notice, which may be given through the Speaker in April next, a call upon the Company for any statement of what their views may be under certain supposed circumstances, nor is there an instance of the subject being adverted to in the King's Speech at the commencement of the session in which such notice has been given. The general subject of an arrangement (but not of the Parliamentary notice) was adverted to in the King's Speech of the 13th December 1792, a few months prior to the renewal in 1793; and again only in January 1812, the year preceding the last renewal under the Act of 1813, notwithstanding that the discussion as to an arrangement had commenced so far back as 1808.

The Committee nevertheless feel, that as the First Lord of the Treasury and the President of the Board of Commissioners have deemed it to be their duty to ascertain what would be the opinion of the Company under such circumstances, they can have no hesitation in stating most frankly and unreservedly what that opinion is, so far as the subject is now before them; because it may tend to prevent any committal to Parliament on the leading points contained in the Minute under consideration.

The Committee entirely accord with the declaration made by the Chairs, that the East-India Company have had no view with reference to the Government of India beyond that of being an useful instrument in the administration of an important national trust, and that the Company might be disposed to continue those services to the public, if they can do so consistently with what is due to their own character, and with advantage to England and to India; in the same spirit, however, the Committee must also most unreservedly declare, that they could not take upon themselves to recommend to the Company to be a party to an arrangement which they are convinced, from a thorough knowledge of the past, could only lead to disappointment and embarrassment for the future.

The Committee must remark, that this is the first occasion since the existence of the present system on which a proposition has been seriously submitted to their consideration, which, whilst it confers no one advantage upon the Company, not only puts to hazard their commercial capital, but presents no guarantee whatever beyond what the Company in their own right possess, for the large stake which they have now embarked in the performance of those functions at present discharged by them in the government of our Eastern empire.

If the exclusive privileges should expire in 1834, the Company will still be a body corporate in perpetuity, and entitled to trade upon its joint stock. "To whom," it may be asked in the words of the late Lord Melville, "would the most important seats of trade belong? To the Company undoubtedly. Under their original and perpetual charters, they have legally purchased and acquired Fort St. George, St. Helena, Bombay, and Calcutta, long before they were in possession of territories, or of the Dewanny. These possessions are patrimonial property, and cannot be taken from them. Upon the whole, exclusive of the Dewanny, they have an inalienable right to valuable landed possessions, amounting at least to £250,000 per annum. In addition to which, they have factories and commercial establishments both in India and in the Eastern seas, which undoubtedly belong to them."

Under the present system, the Indian territory has the use of the whole of the Company's means, including their capital, which has been amply secured from deterioration by the profits of the China trade: as is obvious from the fact that but for the limitation of the dividend to ten and a-half per cent., the proprietors would have divided profits to a much larger amount; notwithstanding the advantage given to territory by the use of the Board's rates of exchange; and notwithstanding also the losses on the India trade, a trade prosecuted by the Company as one purely of remittance, and rendered obligatory by the necessities of the territorial government.

If the Company were to be divested of the China monopoly, there would not only be a risk of the capital if it were made available, as at present, to the use of the territory, but there would be an absolute certainty of loss.

Upon an attentive examination of the Indian finances prospectively, it ap-

pears that after 1834, there will be a territorial deficit of at least £800,000 per annum, supposing the continuance of perfect peace in India.

It will be clearly apparent that if the China monopoly is to cease, there will be no profits available to political disbursements, and that if the public are permitted to have access to the Company's commercial capital, it is not difficult to foresee that such capital would be rapidly absorbed in Indian expenditure.

The Committee have every disposition to meet the views of His Majesty's Ministers, so far as the supposed benefit to accrue to the public from any contemplated alteration of the existing system is concerned; but they are decidedly of opinion, that if the Company are divested of the China monopoly, unless an ample guarantee is formed for the Company's capital, and financial means also provided upon a basis which shall be unobjectionable in point of principle, a separation between government and the trade will be inevitable, and that a complete abstraction must consequently take place of all the Company's commercial means and property from the Indian territory.

The Committee have confined their observations to what they conceive to be the most material points in the Minute now before them, purposely refraining from adverting to the other and numerous important matters which press themselves upon their attention with reference to the general subjects, upon which they will be fully prepared to enter whenever His Majesty's Ministers shall see fit to submit any specific propositions having for their object a future arrangement between the public and the East-India Company.

WILLIAM ASHILL.
ROBERT CAMPBELL.
SWENY TOONE.
JOHN THORNHILL.
CAMPBELL MARJORIBANKS
GEORGE RAIKES.
WILLIAM S. CLARK.
GEORGE SMITH.
JOHN MORRIS.

A draft of a letter from the Chairman and Deputy Chairman to the Duke of Wellington, transmitting a copy of the preceding Minute, and requesting, should any further measure be at present intended on the general question of a future arrangement between the public and the Company, the Chairman and Deputy Chairman may be informed thereof in order that these proceedings may be communicated to the Court of Directors, was read and approved.

A draft of a letter to accompany a copy of the minute to Lord Ellenborough, was likewise approved.

At a SECRET COURT OF DIRECTORS, held on Wednesday, the 6th April 1831.

Resolved unanimously, That this Court, adverting to the communication made to them on Wednesday last of the Minute of a Secret Committee of Correspondence of the 20th October, arising out of an interview which the Chairman and Deputy Chairman had with the First Lord of the Treasury, and the President of the Board of Commissioners for the Affairs of India, at Apsley House on the 12th of that month; desires to record its concurrence in the sentiments expressed by the Committee upon the important subject to which such Minute has reference, and entirely approves the course which they have taken on the present occasion, notwithstanding the change in His Majesty's Councils since the date of the said Minute.

At a SECRET COURT OF DIRECTORS, held on Wednesday, the 20th July 1831.

THE Chairman from the Committee of Correspondence laid before the Court memoranda of a conversation which took place at the India Board on Thursday the 7th instant, between the Right Honourable Charles Grant, the Deputy Chairman, and himself.

The same was read.

MEMORANDA of a CONVERSATION between the Right Honourable CHARLES GRANT and the CHAIRMAN and DEPUTY CHAIRMAN of the EAST-INDIA COMPANY, at the INDIA BOARD, on Thursday, the 7th July 1831.

MR. GRANT said that his object in desiring the present interview was to ascertain the course the Company might be disposed to take regarding the Parliamentary Committee now sitting, and to know whether they had any intention of, at present, petitioning Parliament for a renewal of their Exclusive Privileges.

He stated that difficulties had occurred in proceeding satisfactorily with the business of the Committee of the House of Commons, and that the opponents of the Company had complained that there appeared to be an unwillingness on the part of the Company to give information, or rather a disposition to withhold it; that this notion was very prevalent, and seemed to derive countenance from the circumstance of some of the members of the last and former Committees, who happened to be Directors of the East-India Company, frequently contending in the course of the enquiries, that as the Company were not before the House, they were not called upon, in their corporate capacity as a public body, either to produce evidence in support of their own pretensions, or to expose the errors and misstatements of their opponents. Mr. Grant added that from these and other causes the public were impressed with notions unfavourable to the Company; that the country expected they would come forward, and that he inclined to think their doing so by petition would be judicious.

In reply to this it was said, that during the last Committee the Company's officers were examined on the financial accounts, and evidence was also adduced to meet the allegations on the China Trade, and that with reference to the Committee now sitting, the members of it were quite competent to summon whom they pleased to give evidence on any points touching the questions the Committee might think it right to enquire into; that whether these related to the Judicial, Revenue, or other branches of the Company's administration of the Government of India, the best information on the subjects for enquiry would be found in the Records of the Company, or was to be obtained by the *vivâ voce* evidence of well-informed men; the Court had been and would at all times be ready to furnish the one, and to endeavour to discover the other; that as far therefore as the object was to obtain information, this might be equally well effected without the Company appearing as petitioners, which in fact they could not do without previously consulting the constituent body; that if a Court of Proprietors were convened for that purpose, which could hardly be done in such time as to render any conclusion at which they might arrive available during the present session, their first question would naturally be, whether, as had been the case on all preceding occasions, the Court had had any communication with His Majesty's Ministers in order to ascertain their views with respect to the renewal of the Charter, and to lay a basis on which to negotiate for that object. It was said that until some such communication as was had with the First Lord of the Treasury and the President of the India Board, during the late administration (the Minute of which it was presumed Mr. Grant had seen) should take place, the Company would hardly be in a condition to petition. The Court, it was said, might, if in possession of the views of His Majesty's Government, be disposed to accommodate themselves to those views so far as that could be done without compromising the interests of their constituents or their own character; as their object was, as had been already stated, to be an useful instrument for the discharge of a great public trust; and it was distinctly observed that the Court would not recommend to the Proprietors to petition for, or to receive, any Charter, the conditions of which should not be such as to secure the interests of the Proprietors, and at the same time to enable the Company to discharge all the obligations which might be imposed on them, with advantage to the state and with credit to themselves.

In the course of the conversation, the propriety of the Court being made acquainted with the views and intentions of His Majesty's Government was urged on Mr. Grant.

Mr. Grant admitted the reasonableness of the expectation of the Company that if the Charter were renewed, they should have adequate means of administering and fulfilling the obligations it might impose; he also admitted (as had been in the course of conversation urged upon him) that in any arrangement to which the Company should consent, they must take care that the interests of the Proprietors were sufficiently secured.

Mr. Grant stated that the opponents of the Company said they were prevented, in consequence of the difficulties and obstacles to which he had alluded, from making out their case. They had thus declared themselves unable satisfactorily to continue the lead in the examination before the Committee. He thought that it now devolved on the Company to come forward and to shew grounds to entitle them to a renewal of their Charter, and that the country expected them to do so. In reply to this it was observed, that in reality the case of the Company was established by the failure of their opponents; for as they had been unable to prove misrule, the fair conclusion was, that the government of the Company had been generally good: that if any part of their administration were assailed, measures might be taken by summoning proper evidence in the Committee to vindicate it, and if errors were discovered to exist, measures could be taken to remedy them; and when the Company shall be Petitioners before Parliament, they will be prepared to defend their administration and to support the expediency of maintaining the present India system.

While the Chairman and Deputy deprecated the idea of the Company petitioning prematurely, and adduced the instances of former times to show that negotiation had preceded petition, they expressed their anxiety that no time should be needlessly lost; and they urged in the strongest terms the desirableness and even the necessity, in reference to the numerous and extensive engagements of the Company both at home and abroad, and to the means of fulfilling them, that the Court should be apprised as early as possible of the views of his Majesty's Government, and that when the Court were in possession of such views, they would receive their immediate and earnest consideration previously to their taking the sense of their constituents thereon.

Mr. Grant stated, that as he saw it would not be possible to accomplish the presentation of a Petition from the Company during the present session, there was no alternative but for himself to take a more direct and leading part in the proceedings of the Committee, than under ordinary circumstances he should have thought it expedient for a Minister in his situation to adopt.

The Chairman distinctly stated, that the observations which he had made were to be considered as his individual views on the several matters adverted to, and that the Deputy Chairman fully concurred in them.

At a SECRET COMMITTEE OF CORRESPONDENCE, held on Tuesday, the 18th December 1832.

THE Chairman acquainted the Committee that the Deputy Chairman and himself had had several confidential interviews with Mr. Grant (at the instance of that gentleman), at the India Board, on and since the 24th ultimo, at which the subject of the Company's affairs, more especially regarding the renewal of the Company's Charter, had been matter of conversation.

That on the morning of the 10th instant the Chairman received a note from Mr. Grant, stating that Earl Grey would be glad to see the Deputy and himself at four o'clock that afternoon. That they had accordingly met Lord Grey and Mr. Grant; when his Lordship stated, that the reason of his wishing to see them was the near approach of the period when it would be necessary to consider the Company's affairs, with a view of submitting some definite arrangement to Parliament in the ensuing session. After some general observations, his Lordship alluded to a paper in the possession of Mr. Grant, which contained an outline of the leading points which it was thought necessary to touch upon in the first instance.

That the said paper was then read; and after a good deal of conversation on the several points, the Chairs took their leave, with an understanding that the paper, when ready, would be sent to them.

That on the 11th instant, at half past eight in the evening, the Chairman received the paper in question, enclosed in an envelope to his address as Mr. Ravenshaw, without any note or intimation accompanying it. In consequence of which he wrote to Mr. Grant, to ascertain his wish as to the course to be adopted with the paper; and that late yesterday afternoon (the 17th instant) he had received a letter from Mr. Grant, expressing his request that the same might be submitted to a Secret Committee of Correspondence, and if necessary, ultimately to a Secret Court of Directors.

The said letter from Mr. Grant, dated at the India Board, marked "private," and addressed to "J. G. Ravenshaw, Esq.," was read; as was also the paper marked "confidential," which accompanied the letter.

The Committee having deliberated thereon adjourned.

*LETTER from the Right Honourable CHARLES GRANT to the CHAIRMAN,
noticed in the preceding Minute. (Private.)*

MY DEAR SIR:

India Board, Dec. 17, 1832.

I ADDRESS you with reference to the Memorandum or Paper of Hints on the subject of the East-India Charter which was read to you and the Deputy at Lord Grey's, and which I have since transmitted to you.

Although it appears to the Government that the arrangement there described is on the whole the most eligible, yet, as Lord Grey and I stated at the time, it is open to discussion, and is submitted to you and the Deputy, and through you to a Secret Committee of Correspondence, and if you should so think fit, to a Secret Court of Directors, for the purpose of being examined and considered. The Government are prepared to give a full and impartial attention to any observations respecting it, or to any objections against it which may occur to the Directors, and, in the same spirit, to weigh the merits of any other plan which may be suggested as an alternative.

I have therefore to request you will be so good as to bring that Memorandum under the notice of a Secret Committee of Correspondence, it being understood to be at present a Confidential Communication.

I am, my dear Sir,

Yours very truly,

J. G. Ravenshaw, Esq.

(Signed)

CHARLES GRANT.

*MEMORANDUM or PAPER OF HINTS noticed in the preceding Minute.
(Confidential.)*

The China Monopoly to cease.

The East-India Company to retain their Political Functions.

The Company's Assets, Commercial and Territorial, with all their Possessions and Rights, to be assigned to the Crown, on behalf of the Territorial Government of India.

An Annuity of £630,000 to be granted to the Proprietors, to be paid in England by half-yearly Instalments, and to be charged upon the Territorial Revenues of India exclusively, and to form part of the Territorial Debt of that Country, not to be redeemable before the 30th of April 18—, and then, at the option of Parliament, by the payment of £100 for every £5. 5s. of annuity.

Such part of the Commercial Assets as is convertible into Money to be so converted, and the proceeds, with the Cash Balance of the Commercial Department, as exhibited in the Account of Stock by Computation for the 30th April 1834, appropriated to the discharge of an amount of the present Territorial Debt, equal to a capital producing £630,000 a year.

The Territorial Revenue of India to be chargeable with all expenses incurred on account of that country at home and abroad.

The new annuitants to retain the character of a Joint Stock Company.

The qualification of the Proprietors, and the right of voting, to remain as at present.

The number of Directors to be ; one-fourth to go out by rotation every year, but to be immediately re-eligible.

The patronage to remain vested in the Directors.

The Military patronage to be exercised as at present.

The Civil Servants to be educated at Haileybury. The details of the arrangement to be settled hereafter; but, perhaps, something of the following nature might answer:

The students at the College to be considered only as competitors for Writerships. Their number to be so regulated, that there may be always more candidates than appointments. Each student to remain at the College no longer than years. Vacancies for Civil appointments in India to be filled from the College, on public examination, by the students approved the most able. The Directors to fill up the vacancies at the College each year: each Director to nominate in succession. The plans and arrangements respecting the course and subjects of study to be formed by the Board and the Professors. The 17th section of the 53d Geo. III. cap. 155, to remain, but made applicable to *removal* as well as appointment, and to *Professors* as well as Principals.

The Governor General in Council to report annually, on his responsibility, the number of Writers and Cadets and Assistant Surgeons required for the service of the next year. The Board of Control to have the power of reduction, but not of augmenting that number.

Every British subject to have the right of going out to the seats of Government of the three Presidencies of India, without license; but his right of visiting the interior, or of residing there, and of acquiring and holding property, to be subject to the restraints and regulations which the local Government may impose.

The powers of the Court and its relations with the India Board, to remain as at present, except as modified in the following summary:

The Court, on the Board's final and conclusive order, are to send the despatch by the first ship that goes after such order. In the event of the Court refusing to prepare a despatch, or to send a despatch as altered by the Board, the Board to have the power of sending it themselves.

Appointment of Governors subject, as now, to the approbation of the King; but the Board to have a *revo* on the recall. The same, with regard to Commanders of the Forces.

The Board to have the same power with regard to pensions or salaries below £200 a year, and to gratuities below £600, that they have now with respect to salaries, pensions, or gratuities above those amounts.

Home expenditure and establishment to be under the control of the Board.

At a SECRET COMMITTEE of CORRESPONDENCE, held on Friday, the 21st December 1832.

THE Committee having further deliberated upon the hints submitted in Mr. Grant's letter of the 17th instant, adjourned.

At a SECRET COMMITTEE of CORRESPONDENCE, held on Friday, the 28th December 1832.

THE Chairman laid before the Committee a proposed minute with reference to the letter from Mr. Grant with the Paper of Hints.

The same was read and ordered to lie for consideration.

At a SECRET COMMITTEE of CORRESPONDENCE, held on Wednesday, the 2d January 1833.

THE Committee having fully and deliberately considered the Minute submitted by the Chairman on the 28th ultimo, with reference to the letter from Mr. Grant with the Paper of Hints respecting the Company's Charter;

The said Minute was unanimously approved, the same being as follows, *viz.*

The Chairman and Deputy Chairman, agreeably to the wish expressed in Mr. Grant's note to Mr. Ravenshaw of the 17th December, have communicated to a Secret Committee of Correspondence the Paper of Hints respecting the Company's Charter, which was read to the Chairs by Mr. Grant in the presence of Earl Grey on the 10th December, and which was afterwards transmitted by Mr. Grant to Mr. Ravenshaw.

That Paper of Hints has been considered by the Secret Committee of Correspondence with the respect due to His Majesty's Ministers, and with the deliberation which the vital importance of the subject demands.

Upon the first proposition which the paper contains, *viz.* "the China monopoly to cease." The Committee beg leave to premise, that the exclusive privilege which the Company possess of trading with China is not used by them as a *monopoly*, in the sense in which that term is generally received, the Legislature having strictly restrained the Company from so using their privilege, by the regulations which require that the supply brought forward shall be adequate to the demand, and that the price at which the teas are put up shall be limited to the prime cost and charges.

With respect to a cessation of this exclusive privilege, whilst it will be the duty of the Company to bow to the wisdom of Parliament, the Committee feel it right to state for the consideration of the King's Ministers, that the discontinuance of that privilege involves a most essential change in the financial system upon which the affairs of India are now administered, since it is the exclusive trade with China which, to a great extent, furnishes the Indian territory with a safe and very beneficial channel of remittance of the funds required in England to defray political charges, and which has also afforded to the territory a large amount of direct pecuniary aid, under the fourth head of appropriation of profits specified in the 57th section of the Act of the 53d Geo. III. cap. 165. If, instead of receiving these advantages, India had been called upon from year to year to provide funds to repay the full amount disbursed by the Company, the public debt of India since 1814 would have been upwards of seventeen millions sterling more than it now is, exclusive of the balance due in account to the commercial branch, and which, with interest, is computed at five millions.

When this important fact is considered, in reference to the pressure with which the Government demands already bear on our native subjects, notwithstanding the searching measures of economy which of late years have been introduced into all branches of the Indian Administration, the Committee cannot but hope that his Majesty's Ministers will pause before they consent to deprive India of the great advantage of the China Trade as now conducted.

Nor can the Committee, invited as they have been by Mr. Grant to state their opinions with freedom, refrain from suggesting, that the throwing open of the China trade may be eminently detrimental to this country, by risking our amicable intercourse with China, or at all events, by removing the concentrated influence of the Company's Factory, under which the dealings of the English with that country have so long been conducted; by causing a deterioration in the quality of an article which has almost become a necessary of life; and by seriously interfering with a large revenue, levied, under the existing system, with perfect equality to all classes of consumers, and with incomparable regularity and cheapness to the State;* whilst the supposed advantage of an open trade, in affording new marts for our manufactures, are contrary to the facts elicited during the late Parliamentary enquiry, *viz.*—that the Americans take dollars and bills to China in preference to British manufactures; that such manufactures are not taken to any considerable extent by the commanders and officers of the Company's ships who have the privilege of taking them free of freight; and that although large quantities have been sent in the private trade to India and the Eastern Archipelago, yet they have very rarely found their way from thence to Canton.

Should it be argued, that tea would be somewhat cheapened to the consumer by that trade, which is now conducted by the Company at a profit, becoming only one of remittance, the Committee would submit, that that advantage, if eventually realized by the people of England, could only be acquired at the expense of the people of India, and would, in some measure, be counter-vailed, even to the people of England, by the expense of collecting the tea duty in an open trade; the amount of which duty, moreover, if still levied *ad valorem* (but how could it be *ad valorem* if the trade were free; and if not *ad valorem*, how could an unequal pressure of the tax be obviated?) would

* A Revenue of between three and four millions sterling is collected at an expense of about £10,000.

fall, with every reduction of price, to a much greater extent than would, it is believed, be made up by increase of consumption.

If, notwithstanding all these considerations, it should be determined to put an end to the exclusive trade with China, the Committee beg leave to suggest to the King's Ministers, that the period that may be fixed upon for that change to take effect should be sufficiently remote, to allow of the Company's disposing of the stock of tea which, by the operation of the present law, they are compelled to have in warehouse.

With respect to the second proposition in the Paper of Hints, *viz.* "The East-India Company to retain their political functions,"—it will, of course, rest with the Court of Proprietors to consider, when the proposals, matured by His Majesty's Government, shall come before them, whether they be such as will justify the Company's undertaking to administer the Government of India for a further term. It can scarcely be necessary, however, for the Committee to point out to the King's Ministers, that an indispensable preliminary to any such arrangement would be, that the Company should be secured in the regular supply of funds to defray the territorial payments in England, amounting to between two and three millions annually; a difficulty which does not appear to be met in the Paper of Hints.

The third and fourth propositions, *viz.* "The Company's assets, commercial and territorial, with all their possessions and rights, to be assigned to the Crown on behalf of the territorial government of India."—"An annuity of £630,000 to be granted to the Proprietors, to be paid in England by half-yearly instalments, and to be chargeable upon the territorial revenues of India exclusively, and to form part of the territorial debt of that country, not to be redeemable before the 30th April 18—, and then, at the option of Parliament, by the payment of £100 for every £5. 5s. of annuity;"—appear to the Secret Committee of Correspondence to involve in substance the abolition of the East-India Company, and the surrender by them (for it cannot be contemplated to deprive them) of all their rights, privileges, and property, for no other compensation than the chance of receiving, after every other territorial demand shall have been satisfied, a dividend of 10½ per cent., for a term whose length is not stated; and which dividend, whatever the term may be, there can be little prospect that India, when deprived of the advantage of the China trade, will be able to pay.

With every respect for His Majesty's Ministers, the Committee unanimously decline to recommend the beforementioned proposals to the Court of Directors, to be offered by them for the acceptance of the Court of Proprietors; and beg leave to record their opinion, that no proposition whatever for continuing the Government of India in the hands of the Company, when deprived of the exclusive trade with China, can be acceptable to the Company, unless the Proprietors be fully secured in the regular payment, half-yearly, of their dividend of 10½ per cent. per annum; and in the right, whenever paid off, to such an amount of principal, as, at the present price of Consols, would produce that rate of dividend. The Committee submit, that this is the least to which the Company can be considered entitled, when it is remembered that they have property amply sufficient to provide an investment in Consols equal to the required dividend; such property consisting of commercial assets, of pecuniary claims of large amount on India, and of possessions and rights in that country of great value, their title to which has never been disputed.

Indeed, when reference is had to the facts, that the Company has been the instrument of adding nearly the whole of Hindostan to the sovereignty of Great Britain, and that through the same instrumentality a trade has been opened, fostered, and preserved, yielding an immense revenue, providing an article essential to the comfort of the public, and causing beneficial employment for a large population and an extensive fleet of shipping; it might not have been unreasonable to expect, that in the event of its being deemed expedient, with a view to the public benefit, that the Company should be broken up, some provision would be made by the country to compensate them for the services which they have rendered, for the risks which they have run, and for the sacrifices which they are called upon to make:—the Company's claim, in this re-

spect, would seem to be irresistible, if they should be required to give up the right which they possess in perpetuity to trade in common with His Majesty's subjects. The Committee, however, abstain from pressing this point at present. What they now urge is, the undoubted right of the Company in their property to the extent before stated, and to such further extent as shall be sufficient to enable them to make a suitable provision for the numerous classes of servants, whose interests will be seriously affected by a change of system.

It is unnecessary, in the present stage of the discussion, to enter upon an examination of the numerous points of detail comprised in the Paper of Hints. It is sufficient to observe, that when the great principles which must form the basis of the scheme shall have been satisfactorily arranged, the Chairman and Deputy Chairman and the Secret Committee of Correspondence will lend their cordial aid to His Majesty's Ministers in arranging such a plan to be recommended to the Court of Directors for submission to the Proprietors, as may seem to be calculated to enable the Company efficiently to administer the Government of India for a further time, with credit to themselves and with advantage to that Empire.

The Committee have thought it advisable to place these their sentiments before the King's Ministers previously to submitting the Paper of Hints to a Secret Court of Directors; but if His Majesty's Ministers should desire to obtain the views of the Court, the Committee will take their pleasure upon the subject.

from the CHAIRMAN and DEPUTY CHAIRMAN to the EARL GREY.
(Secret.)

MY LORD : India House, the 3d January 1833.

We have the honour to transmit to your Lordship the accompanying copy of a Minute of a Secret Committee of Correspondence of the 2d instant, with reference to the "Confidential Memorandum or Paper of Hints," which was read at the interview we were honoured with by your Lordship on the 10th ultimo, and subsequently sent to Mr. Ravenshaw, by Mr. Grant, on the 17th of that month, for the purpose of being communicated to the Committee.

We have the honour to be,

My Lord,
Your Lordship's most obedient and faithful servants,
(Signed) J. G. RAVENSHAW,
C. MARJORIBANKS.

The Earl Grey, K.G.
&c. &c. &c.

LETTER from the CHAIRMAN and DEPUTY CHAIRMAN to the Right Honourable CHARLES GRANT. (Secret.)

SIR : India House, the 3d January 1833.

We have the honour to transmit to you the accompanying copy of a Minute of a Secret Committee of Correspondence of the 2d instant, to whom the "Confidential Memorandum or Paper of Hints" sent by you to Mr. Ravenshaw on the 17th ultimo has been submitted.

We beg to add, that we have forwarded a copy of that Minute to Earl Grey.

We have the honour to be, Sir,
Your most obedient and faithful servants.
(Signed) J. G. RAVENSHAW,
C. MARJORIBANKS.

At a SECRET COURT of DIRECTORS, held on Wednesday, the 13th
February 1833.

THE Chairman stated to the Court that the Deputy Chairman and himself had been in communication with His Majesty's Ministers since the month of November last, on the subject of the renewal of the Company's Charter. That on the 17th December he received a communication addressed to him as Mr. Ravenshaw, which he had (in consequence of a letter from the Right Honour-

able Charles Grant, received on the following morning) laid before the Secret Committee of Correspondence on the 18th December; and that, on the 2d January, the Committee recorded a Minute, which was in the nature of an answer to the secret and confidential communication from Mr. Grant of the 17th December.—The Chairman then laid before the Court the undermentioned documents, *viz.*

Minute of a Secret Committee of Correspondence of the 18th December 1832.

Letter from the Right Honourable Charles Grant to J. G. Ravenshaw, Esq., marked "Private," and dated at the India Board, the 17th December 1832.

Memorandum or Paper of Hints, transmitted to the Chairman by Mr. Grant.

Minutes of Secret Committees of Correspondence of the 21st and 28th December 1832, and 2d January 1833, and

Drafts of letters from the Chairman and Deputy Chairman to Earl Grey and the Right Honourable Charles Grant, dated the 3d January 1833.

The Chairman further stated, that he was in confident expectation of receiving in the course of this day, an answer, on the part of His Majesty's Ministers, to the Secret Minute of the 2d ultimo, which answer he would take an early opportunity of laying before the Court, after having communicated the same to the Committee.

And the several papers now laid before the Court having been read,

It was, on a Motion,

Resolved unanimously, That the Committee of Correspondence be requested to continue the negotiation with his Majesty's Ministers. And to communicate their proceedings to the Court from time to time, so far as the Committee shall consider the same can be done with reference to the welfare and interests of the Company.

At a SECRET COURT OF DIRECTORS, held on Friday, the 15th February 1833.

THE Chairman acquainted the Court, that late in the afternoon of Wednesday, the 13th instant, he received a letter, addressed to the Deputy Chairman and himself, from the Right Honourable Charles Grant, dated at the India Board, the 12th instant, in reply to the Secret Minute of the Committee of Correspondence of the 2d ultimo; that he immediately communicated the said letter to a Secret Committee, and that the Court had been specially summoned, in order that they might now be put in possession of the same.

And the letter abovementioned having been read;

The Chairman further stated, that he had this day received a private letter from Mr. Grant, enclosing a copy of his letter of the 12th instant, with some alterations which he was desirous of having introduced; and

The several alterations having been read,

The Court agreed that the same be introduced into the letter received from Mr. Grant on the 13th instant; and that the said letter, so altered, be considered as Mr. Grant's reply to the Secret Minute of the Committee of Correspondence, before referred to.

It was then

Ordered, That the letter from Mr. Grant of the 12th instant be referred to the consideration of a Committee of the whole Court.

The Chairman submitted the draft of a letter to Mr. Grant, assuring him that no delay which can possibly be avoided shall be permitted to occur: but expressing the trust of the Court, that they shall be allowed sufficient time for the calm and deliberate consideration of the subjects treated of in the papers received from him, having reference to the new arrangement which it is proposed to make with the Company; and requesting further information upon certain points, respecting which the communications from him do not appear to be distinct:

And the same having been read, it was

Resolved, That this Court approve the said draft of a letter to Mr. Grant.

LETTER from the Right Honourable CHARLES GRANT to the CHAIRMAN and DEPUTY CHAIRMAN.

GENTLEMEN :

ON my return from Scotland, I found the letter which you did me the honour to transmit to me on the 3d of last January, with a copy of a Minute of a Secret Committee of Correspondence of the 2d of the same month, on the Memorandum or Paper of Hints sent by me to the Chairman on the 17th of December 1832. I much regret that I have been prevented by my absence from returning an earlier acknowledgment. I have, however, lost no time in laying the Minute before Lord Grey and the other Members of the Government. It has engaged our earnest attention, and the result of our deliberations I have now the honour to communicate to you.

I beg to return my thanks for the candid manner in which the sentiments of the Secret Committee are expressed, and to assure you that it shall be my endeavour, in my observations on the momentous topics under consideration, to maintain the same spirit.

The Memorandum which I transmitted to the Chairman was simply what it professed to be,--a mere collection of hints, unaccompanied by explanation or commentary. I was sensible that the addition of these might, in some respects, have been desirable; but I conceived the deficiency to have been, in a good degree, supplied by the verbal expositions which, in the conference between you and Lord Grey and myself, had been given of the general considerations connected with the propositions submitted to your attention. Since, however, it is the wish of his Majesty's Government that those propositions should be brought before the Court of Directors, and ultimately, perhaps, before that of the Proprietors, it seems expedient that the considerations also, by which they are recommended, should, at the same time, be submitted distinctly, though with as much brevity as may be possible, to the view of those respective bodies.

Accordingly, while I feel it necessary to advert to some of the main topics treated or referred to in the Minute, I shall interweave my comments on them with statements and observations tending to shew, and, as I trust, to justify, the views and considerations that have led the King's Government to those conclusions which are embodied in the most leading and essential of the propositions submitted to you.

In following out this intention, it will be expedient that I should distribute what I have to offer into two divisions, suggested, as I think, by the subject itself.

In the first place, I will apply myself to that part of the plan proposed by Ministers which provides for the future disposal of the trade which the Company now conduct, and of the political powers and functions which they exercise. These are the points referred to in the first and second propositions of the Memorandum.

In the second place, I will direct my attention to the leading principles of the arrangement, by means of which His Majesty's Government propose to carry into execution the objects intended under the first head; such arrangement relating to the disposition of the Company's property, and to the provision to be made for the interests of the East-India Proprietors, on the one hand, and for the territorial interests connected with India on the other. These subjects are comprized in the third and fourth propositions of the same paper.

I must observe, that the two branches into which I thus divide the topics of inquiry are, in some respects, connected together, and that therefore it will not always be possible, nor, as I conceive, necessary, in discussing them, to maintain the separation between them with perfect exactness.

First, we have to consider, in their main principles, those parts of the plan which relate to the future government of our Indian empire, and to the future arrangement of the trade with India and China.

I have here named these topics in what I consider to be the order of their comparative importance; but they are, in fact, intimately united. The establishment of an advantageous system of trade with the regions of the East, though primarily to be desired on account of the manufacturing and commercial interests of this country, is hardly less material to the well-being of our

eastern subjects; and, on the other hand, the establishment of a just and benignant system of administration over the territories of British India, an object of the last moment to the nations who inhabit them, is, at the same time, not only most important to our national honour, but must, in several views, reflect back on us the benefits which we bestow; and, among other considerations, cannot but essentially minister to the commercial and manufacturing interests more immediately consulted under the former head of arrangement.

After a full and anxious deliberation, it appears to His Majesty's Ministers that the system of political administration which has been established in India, and which is exercised through the organ of the Company, although under the control of the national authority at home, has, notwithstanding too much of past defect and error, and in spite of much remaining imperfection, secured to the inhabitants of India so considerable a measure of those advantages which it is the proper object of Government to confer, and evinced so much susceptibility of receiving the improvements suggested by experience and reflection, that they would not be justified in lightly proposing to effect any alteration or disturbance of that system in its essential elements.

The preservation of the system seems, at the same time, to be collaterally recommended, by considerations of some moment to this country in a constitutional point of view. Under any arrangement, a considerable share of the political patronage of India must, for some time at least, be dispensed from this country; and, by the arrangement actually existing, that patronage is lodged in hands which may possess it without exciting public or popular jealousy.

On these grounds, His Majesty's Ministers conceive it desirable that, subject to the changes and modifications suggested in the Memorandum, the East-India Company should retain the exercise of their political powers and functions. The changes and modifications to which I refer will doubtless be dispassionately considered by the Directors and Proprietors; and, so considered, I feel satisfied that, while they will appear both right and expedient in themselves, they will, at the same time, be felt not to constitute any obstacle to the retention by the Company of their political capacity.

The subject of the Company's trade has been regarded by His Majesty's Ministers with the same anxious attention as that of their government. And here, while they are ready to pay every acknowledgment to the public spirit and the exertions of the Company in their commercial character, and while they are far from denying that there have been periods in which the commercial regulations of that body might be proper, or even necessary, they cannot but think that, at the present day, a very material change of system is advisable. The trade of the Company with India has, I need not observe, already much declined; or, to speak more correctly, has for some years virtually ceased to exist. For the transactions of a mercantile nature which the Company still carry on are confined to the purposes of making remittances to England, and of supplying military and political stores to India; purposes wholly unconnected with the properly commercial interests either of the Company or of their subjects in the East. I do not now enter into the consideration of these objects, further than by stating that they may, in the opinion of the Government, be sufficiently consulted, without involving the necessity of persevering in a course of commercial operations, confessedly not recommended by any intrinsic advantage.

His Majesty's Ministers therefore see no evil in looking forward to a total cessation of those operations, so soon as they can cease consistently with a due regard to existing transactions. In so viewing this subject, they are not swayed by any ideas, purely theoretical, of the incompatibility of the functions of a corporate trade with those of a Government, but by a careful observation of the practical effects of the blended system of trade and Government which has prevailed in India; and they are convinced that the release of the Company, whenever this can conveniently take place, from the peculiarities imposed on their arrangements and proceedings, by their dealings, in the nature of commerce, with their own subjects, will very materially contribute to the efficiency of their political administration. The trade of the Company, however, with India is not privileged; and it is conceived that no further enact-

ment regarding it is necessary. It may be left to its fate under the operation of a new order of things. Any question, therefore, that now arises touching the Company's trade, must relate only to China.

This question, His Majesty's Ministers are well aware, is one of great delicacy as well as importance. They admit that, while our established system of China trade is ably assailed, it is defended also by arguments of no small cogency. They are sensible that no extensive change, however beneficial in general, can take place in a large system of commerce, without local and temporary inconvenience. Yet, under a full sense of the extent of these admissions, they are, after much deliberation, led to the conclusion, that the interests of the nation will best be consulted, by no longer making the trade of this country with China the subject of exclusive privilege.

Such generally are the wishes and intentions of His Majesty's Government on the two main questions,—the political administration of India,—and the British trade with China.

To both these questions the Secret Committee have addressed themselves in their Minute; and on both it will therefore become me to offer further comments.

With regard to the government of India, however, since it is not proposed to deprive the Company of their political functions, I need not enter into any explanation; except in reference to some difficulties which, if the plan of ministers take effect, will, in the apprehension of the Secret Committee, embarrass the exercise of those functions by the Company.

The Secret Committee justly observe, that "it will, of course, rest with the Court of Directors to consider, when the proposals matured by His Majesty's Government shall come before them, whether they will be such as will justify the Company's undertaking to administer the Government of India for a further term." But the Secret Committee add, "It can scarcely be necessary for the Committee to point out to the King's Ministers, that an indispensable preliminary to any such arrangement would be, that the Company should be secured in the regular supply of funds to defray the territorial payments in England, amounting to between two and three millions annually."

The important topic brought under view in the last passage I shall have occasion to discuss fully hereafter; but I am not willing to pass it without notice in the connection in which it here stands. I shall, however, only remark,—first, that the funds requisite to meet the expenses of the Indian empire must be sought, and will be found, in the resources of that empire itself;—and, secondly, that the means of making available in England any part of those resources, will be furnished by some of the different modes of remittance which are usual in the commercial world, and which are never found wanting where remittance is required, either for commercial or political purposes.

With regard to the opening of the China trade, the Secret Committee very fairly state the objections which, on various grounds, they feel to that measure, and the hazards and evils which they foresee as its inevitable consequences.

It is due to the Secret Committee, no less than to His Majesty's Government, and to the subject itself, that I should not omit this opportunity of advertng to some of the observations of the Secret Committee, in the hope that, at least, it will appear that the Government has not embarked on this plan without having weighed it in all its bearings and relations, in its possible consequences,—for evil—as well as for good.

It is fortunate that, respecting the trade with China, ample materials of judgment are before the public. They are to be found in the papers printed for the House of Commons in 1813, in the various publications which have recently appeared on both sides of the question, and in the reports of the Committees of both Houses of Parliament printed in 1830, with the accompanying evidence. These documents exhaust the subject. They comprehend especially the arguments that can be adduced in favour of the existing system, and in deprecation of any departure from it. Of the latter class of arguments the Minute contains a correct summary. It appears, however, to the Government, that, of the arguments so relied on in the Minute, some have become

obsolete by lapse of time and change of circumstances, and that the others, resting chiefly on probabilities and anticipations, are either overpowered by a fair estimate of probable contingencies on the opposite side, or, so far as they have weight, are to be regarded in the light, not so much of objections against the measure, as of warnings and suggestions for the safe and prudent accomplishment of it.

The opening of the China Trade could never have been considered except as a question of time and circumstance. The exclusive privilege of the Company is not an ultimate object. It is to be regarded as the means to an end,—as the gradual and guarded preparation for a more diffusive commerce:—and it was not without a reference to this view of the subject, that Parliament, by granting at successive times the Charter for a term of years, provided for a periodical revision of the arrangement adopted. It must be observed, further, that during a course of years, circumstances of various kinds have been conspiring to work a relaxation of some of the restrictions which existed at the commencement of the present Charter, and to prepare the way for the removal of those that remain.

On both the last occasions of the renewal of the Charter, the exclusive privileges of the Company have been diminished. In 1793 some participation of the India Trade was permitted to the nation, though certainly not to a great extent. In 1813 the restrictions on the Indian Trade were so greatly relaxed, that, so far as concerns principle, it may be said to have been opened. Since 1813 several laws have been passed, partly giving more scope, on specific points, to the British commerce with India, partly enabling the Company to trade beyond the limits to which they were previously restricted.

These successive modifications of the privileges of the Company have naturally created an expectation that, on the expiration of their subsisting lease, a further relaxation would take place. I admit that it would be equally weak and culpable in the Government to yield to this expectation merely because it exists. Still more criminal would be their conduct, if they proposed to surrender any just principle of commercial policy to ignorant or interested clamour. But the truth is, that the events of late years have forced on the majority of thinking and practical men a sense of the absolute necessity of some material mitigation of the restrictions of our commercial code, and that the improvements which have in consequence been adopted, have tended to confirm and disseminate the feelings and opinions in which they originated. The prepossession, therefore, if so it may be called, in favour of a more open trade to China, though not necessarily just, has a warrant in recent experience, and in the judgment of minds conversant with the subject of commerce in general.

Under these circumstances, His Majesty's Ministers feel that, if the restraints on the China Trade are to be continued, their continuance can be justified only on the clearest and strongest grounds. It must be unnecessary to argue, and yet it is not to be forgotten, that in the case of this trade as of every other, the presumption is, that the extent of the dealings, and the national benefit resulting from them, will be in proportion to the opening afforded to capital and adventure to embark in the trade. Unless that presumption can, in this instance, be shown to have no place, the circumstances of the country undoubtedly call for a revised system.

Great Britain has now to contend, not as during her two last wars, with one competitor, but with many. The European nations have engaged ardently, and some of them for the first time, in the prosecution of general commerce; which continues also to be carried on by the United States of America with their characteristic energy. On the other hand, new and extensive accessions have, of late years, been made to the commercial market of the world. Our Australian Colonies, Mexico, South America, the Pacific with its Islands; to say nothing of the change of circumstances, political and commercial, which has occurred in India itself, and in the countries occupied by the Indo-Chinese nations. The opportunities thus afforded ought to be the most advantageous to that people which has the pre-eminence in capital, credit, and experience; but such opportunities cannot be fully turned to account, unless the merchant is allowed to carry on his transactions with different parts of the world in mutual connection and subserviency. The exclusion, therefore, of the nation at large from a particular mart of trade, and especially from one so situated as

China, is injurious beyond the limits of the immediate evil, by narrowing the general sphere of commercial exertion, and breaking the continuity of the operations essential to the full prosperity of our foreign trade.

To these observations the first answer will be (indeed that answer has already been given in the Minute by anticipation), that there is no prospect of an increased demand in China for British manufactures, and consequently, that any hopes of an extension of our China trade, in that respect, are wholly visionary.

In place of entering on the wide and debatable ground of discussion which this argument would open, I cannot help referring to the employment, and to the fate, of a parallel argument in another instance. When it was proposed, in 1813, to open the India trade, the Company strongly asserted the impossibility of extending the use of British manufactures in India. The argument was, indeed, pressed, in that case, still more urgently, and greatly more in detail, than on the present occasion. It was propounded by some of the most honest, able, and enlightened persons that ever laboured in the service of the Company abroad, or guided its councils at home. It was supported by the production of a vast, and, in many respects, valuable body of evidence, proving that every effort had already been exhausted to promote the consumption of our manufactures in the East, and that the final limit to such consumption had obviously been attained. The representations to which I refer were not without a great mixture of truth. The Company clearly showed that much had been done in extending the export trade in question, and that no sudden or exuberant increase of that trade could, under any circumstances, be expected. Their statements, and the accompanying evidence, probably produced a wholesome effect, in correcting to some extent the extravagant hopes of speculators, and in enforcing, at least, a degree of caution on the early adventurers in the newly opened trade. But, in point of fact, their main position,—the impossibility of an augmented use of British commodities in the East—has been practically refuted. The patient, thrifty, dexterous assiduity of private and untrammelled enterprise, has actually achieved what was then pronounced impracticable. I enter here into no particulars, the fact being undisputed.

Among those who, in 1813, were swayed by the apparent force of the argument in question, and by the eminent authority of those who urged it, I must place myself, then new to such subjects. At this moment, I might possibly have questioned its correctness, even under the same circumstances. Experience and observation have taught me never to distrust the power of commercial capital, when free from artificial impediments, to open for itself fresh markets, and to scoop out new channels of operation. But, from the actual issue of the experiment in the instance alluded to, there can be no appeal. It serves to render wholly inconclusive all arguments, proceeding on similar grounds, and pointing to the same results.

I must, therefore, be permitted to dissent from the opinion, that it is chimerical, under any circumstances, to expect an augmented demand for British manufactures among the Chinese. It does not follow that I calculate on any prodigious or instantaneous increase in that demand; nor is the plan which the Government propose founded on any expectation of such an event.

I proceed to the second topic touched on by the Secret Committee, relating to the probable effect of the opening the trade with China; not indeed on the export, but on the import branch of it.

They contend,—and this also, I may remark, was contended in 1813,—that the admission of private adventure into that trade will be followed by a deterioration of the quality of the tea brought to the British market; and, in the next stage, by a defalcation of the large revenue now realized with singular cheapness and regularity from that article. On the first of these points, the expected deterioration of the teas to be imported, I cannot altogether enter into the apprehensions expressed by the Secret Committee. That the Company, indeed, have taken great pains to ensure the goodness of the teas which they import, and that their efforts for this purpose have been very successful, I cheerfully concede. In this instance, as in several others, the public spirit and the attention of the Company have prevented what might have been thought the natural result of their exclusive command of the market. But the great principle still remains, that the best security for the goodness of a commodity is to be

found in the rivalry of the dealers in it; and there seems to be no reason for distrusting the rule in the present case. I do not mean to deny, that the opening of the trade may, in the first instance, be attended with the effect supposed. The introduction into any trade of a number of competitors has, perhaps, an immediate tendency to augment the quantity of the supply at the expense of its quality; but the very competition which produces this evil corrects it in the sequel. On no other principle than this do we depend for the excellence, in point of quality, of the immense mass of commodities imported by our general commerce.

The argument drawn from the importance of the present system of the tea trade to the national revenue, and from the jeopardy in which a portion of our revenue would be placed by a change, though quite relevant, and though one of grave importance, is perhaps matter for the consideration of the State, rather than for debate between the Company and the Government. I will only remark, therefore, that great as the fiscal benefit derived from the tea trade undoubtedly is, the argument in question is not decisive, unless it can be shewn that an open trade is, on the whole, likely to produce less of that surplus profit which is the only fund out of which revenue can for a continuance be drawn, than a trade managed under exclusive privilege; a proposition which I should hold to be inadmissible. In touching, however, this subject so briefly, I must not be understood to treat it as of light moment. There is, on the contrary, no part of the present question, to the importance of which His Majesty's Government are more alive, or with regard to which, in the event of the opening of the trade, they more deeply feel the necessity of making careful provision.

Before I quit the immediate subject of the China trade, I must observe that, even supposing the direct trade between England and China not to be extended in the degree which has been anticipated by many well-informed and enlightened men, there is yet another very important branch of commerce which the opening of China is likely considerably to advance and extend, namely, the trade between that country and British India. And, just in proportion as that trade may be extended, and as remittances through the medium of it, from India to England, may be facilitated, the prosperity of the former country, and its value as a customer to the latter, must be enhanced. The commercial dealings of the three countries are, indeed, so closely connected, that any view of the question relative to China which excludes the consideration of India, must be essentially defective. Now, in India we have found an abundant demand for British staples. That which is wanted is a corresponding return: and should this be more extensively furnished through the medium of the China trade, the interests of England would be materially promoted, even though the amount of British imports into China remained the same. Nor ought we to overlook the peculiar nature of the article which forms the main export of China to England. It is one yielded exclusively by that country, and it is one of general consumption among the labouring classes of this. The extended supply of it, therefore, while it can have little or no tendency to interfere with the produce of our other customers, is singularly calculated to give new scope and value to the productive industry of Great Britain.

I must now enter on another topic suggested by the Secret Committee, and one to which the Company have certainly a very good right to call the attention of His Majesty's Government. It is, indeed, a topic familiar to those who are conversant with the controversies relating to the present system of Chinese trade. The Secret Committee apprehend that the opening of the trade will be productive of no small hazard to the continuance of our relations with the Chinese people.

In entering on this subject, I need hardly state that, supposing the China trade opened, it would be necessary that there should be stationed at Canton, by the appointment of the Crown, some officer or officers, invested by law with adequate powers of supervision over all British subjects resorting to China. The opinion of His Majesty's Government is, that a Chief and Council should be the functionaries so to be appointed, under provisions and regulations, consideration of which does not belong to this place.

The present head of argument, like most of those to be found in the Minute

of the Secret Committee, was prominent during the discussions of 1813. Opinions of weight were delivered on both sides; and though the determination of the Legislature to grant to the Company a fresh term of their exclusive privilege so far as respected China, chiefly proceeded on other grounds, I am far from contending that the reasonings of the Company did not produce considerable impression, or even that it may not, at that moment, have been prudent to confine, in the first instance, the measure of a free trade, then about to be tried, to the ports of India. The Government, however, are satisfied that it would now be proper to extend the relaxation to the commerce with China, even supposing that no events had occurred, during the subsistence of the present Charter, to throw light on the particular question under consideration.

Admitting, for the sake of argument, that a freer resort of British adventure to the shores of China might somewhat increase the chance of broils between the adventurers and the natives; admitting further, that the jealousy of the Chinese might be even more sensitive under the new system than under the old; and lastly, admitting that a representative of the British nation might be less qualified to deal with the overt acts or secret workings of such jealousy than commercial functionaries acting under the Company; yet the Government would by no means despair of combating these difficulties, by regulations carefully contrived and vigilantly enforced, aided by the powerful influence of those mutual considerations of interest, which alone gave birth to the trade between the British and the Chinese, and which in spite of all past impediments, have fostered and promoted that trade up to the present hour.

In point of fact, however, a view of the present state of the British commerce and intercourse with Canton, and a reference to recent occurrences at that port, may lead to a doubt whether the Company justly estimate the nature and extent of the dangers to which the British interests are, even under the existing system, exposed.

On the discussions which have unfortunately taken place between the Canton Government and the British Factory, I will offer only a passing remark. Those discussions, perhaps, illustrate the hazards which beset our intercourse with a people so peculiar as the Chinese; but let me not be thought to draw from them an invidious inference, when I observe that they also authorize a question, whether the present system does, indeed, furnish so effectual a safeguard against the hazards alluded to, as is sometimes contended. I do not say that the Factory did not act with all the firmness and wisdom which the emergency demanded; but if, in spite of the exertion of such qualities, the British interests on the spot have barely escaped destruction, and if the actual position of those interests is universally felt to be most precarious, there may surely be some room to distrust the sufficiency of the guardianship to which they are confided.

This is not, however, the point to which I here principally refer. The country trade carried on between the principal ports of India and that of Canton has now attained a considerable height, and appears to be still increasing. It cannot fail to increase with the advancement of the commercial resources of India. That trade has not only brought private British ships to the Canton river, but has led to the stated residence at that town of a number of British merchants, mostly independent in circumstances as in character, possessed of much capital, and distinguished by British spirit and enterprise. Besides these residents, the British society in Canton is, for a great portion of the year, increased by a fluctuating body of individuals connected with the trade from India to China. The actual tonnage engaged in this trade is superior in amount to that which the China trade of the Company employs. The value of its imports into Canton increased from dollars 9,897,000 in 1813-14, to dollars 31,368,000 in 1829-30; that of the Company's imports being in 1813-14 dollars 13,550,700, and in 1829-30 dollars 11,665,000. It is true that this private trade is carried on under special licenses from the Indian Governments, and that the individuals conducting it are bound to obey the directions of the local representatives of the Company. It is also true, that they cannot trade beyond the limits of the Company's Charter; but, subject to these limitations, the trade is conducted with the freedom of private adventure. It is supported by British capital, and its ramifications are spreading in India,

and, though not ostensibly, in Great Britain. The subordination of this community of merchants to the Factory, though obligatory in point of strict right, rests chiefly on mutual good-will and prudence; and it would, probably, be only in a very strong case that the Supra-cargoes would attempt to deprive any one of its members of his license. What, even in such a case, might be the result of the attempt does not seem quite certain. There is every reason to suppose, as I have already said, that the amount and importance of this trade will increase; and such an event, supposing the exclusive privileges of the Company in China to be continued, cannot but materially influence the relative position of the free traders on the one hand, and the local establishment of the Company on the other.

The free trade and the trade of the Company now move in different spheres; and, except as respects some of the articles of import from India to China, there does not appear to be any room for competition between them. The traders are, in fact, on good terms with the Company's servants, and they acted in concert with the Factory on occasion of the late differences with the Government of Canton. But the growth of a body of free adventurers under the wing of an exclusive commerce is not unlikely to lead to consequences of moment; and the division of the British residents at Canton into two commercial classes, so differently constituted and characterized, cannot but add to the embarrassments incident to the relations between the British and the natives. The free traders appear to cherish high notions of their claims and privileges. Under their auspices a free press is already maintained at Canton; and, should their commerce continue to increase, their importance will rise also. They will regard themselves as the depositaries of the true principles of British commerce, and the feeling of submission which they now manifest towards the authorities of the Factory may gradually be expected to give place to one of rivalry, if not of hostility.

I may overstate the probability of these results: but I can truly say, that the anticipation of them has not been suggested to me by the pending discussion between the Company and his Majesty's Government. On the contrary, it has repeatedly been impressed on my mind, during the consideration especially which recent events in China have led me to give to this important subject, that our position in that country, under the present system, is very far from secure or satisfactory; that while we fix our eyes on the contingencies which twenty years ago threatened it, we are too apt to overlook those new and nearer dangers which are gathering round us from within and without; and that, in a word, some change and recasting of parts must soon become indispensable. I thought it certain, that, even if Parliament resolved to continue the exclusive system for a fresh term, yet causes were at work which must, even before the close of the term, supposing it of reasonable duration, practically put an end to the system, either by silent dissolution or by forcible overthrow; or perhaps, in succession, partly by the one mode, and partly by the other.

Under this conviction, I felt it my duty to entertain the question which could not fail, in any case, very shortly to arise, whether we ought not to station at Canton some official authority independent of all parties, and unconnected with commerce of any kind. That question will, of course, be disposed of by the opening of the trade: and with it may be dismissed many apprehensions which, without meaning to colour them too highly, I conceive to be at least as well founded as those indulged by the Company in reference to the disorders which an open trade may be expected to produce.

There is but one further subject which it seems to me necessary to consider, in relation to the China question; but it is one of the greatest importance.

Among the principal reasons for the continuance of the exclusive privilege to the Company in 1813, the most effective was drawn from the peculiar relation of the China trade, as conducted by the Company, with the financial system of India. This ground is again assumed by the Secret Committee. "With respect to the cessation (they observe) of the exclusive privilege, whilst it will be the duty of the Company to bow to the wisdom of Parliament, the Committee feel it right to state, for the consideration of the King's Ministers, that the discontinuance of that privilege involves a most essential change in the financial system upon which the affairs of India are now administered, since it is the exclusive trade with China which, to a great degree, furnishes the Indian

Territory with a safe and very beneficial channel of remittance of the funds required in England to defray political charges, and which has also afforded to the Territory a large amount of direct pecuniary aid, under the fourth head of appropriation of profits, specified in the 57th Section of the Act of 53 Geo. III. cap. 155. If, instead of receiving these advantages, India had been called upon from year to year to provide funds to repay the full amount disbursed by the Company, the public debt of India since 1814 would have been upwards of seventeen millions sterling more than it now is, exclusive of the balance due on account of the commercial branch, and which, with interest, is computed at five millions. When this important fact is considered in reference to the pressure with which the Government demands already bear on our native subjects, notwithstanding the searching measures of economy which of late years have been introduced into all branches of the Indian administration, the Committee cannot but hope that His Majesty's Ministers will pause, before they consent to deprive India of the great advantage of the China trade as now conducted."

On this argument it may be observed generally, that the weight to be given to it depends entirely on the view taken of the possibility of supplying the resources in question by other means, less onerous to the people of the country. If the principle were admitted, that the expense of remittance is to be saved to India, and also that the deficiency of the Indian revenue is to be supplied, and that all this is to be done at the cost of England, we should then merely have to consider whether the aid requisite for these purposes should be afforded directly by a grant of British money, or, as heretofore, indirectly through an enhancement in the price of tea.

But His Majesty's Ministers are by no means prepared to admit that principle; they cannot consent that India shall habitually lean on England for financial aid. The nature of the question is, indeed, materially altered since the period of 1813. At that time, no separation of accounts had been effected; there existed no sufficient means of solving the problem, whether the territorial branch required any and what assistance; and in order to meet a contingent and uncertain demand, it may naturally have been thought expedient to reserve a resource which could readily be adjusted to the exigencies of the moment. In 1813, further, the opening of the trade to India was an untried experiment, and the Government and Parliament of the time must, in that circumstance, have seen a powerful reason for not placing simultaneously in a new position, the other great branch of commerce on which they had to depend for the realization of the funds required to be remitted from India to England. They could not doubt that if private merchants were to conduct with regularity and success the trade which had belonged to the Company, the means of remittance could be found through the former, as surely and as advantageously as through the latter;—But it was not in their power to act on the full assurance which His Majesty's Government now entertain, that, by the entire discontinuance of the exclusive system, the general trade would be benefited and not injured. And further, they contemplated the possible occurrence of uncertain demands on the Home Treasury, which are not now to be apprehended, and which, in fact, touch the question of supply, rather than that of the transfer of existing funds.

We are now placed in very different circumstances. The trade to India is no longer the subject of debate. On that of China, His Majesty's Government have seen abundant reason to believe that, by being opened, it will be promoted rather than impaired; and ultimately, they cannot doubt of its being materially increased. The financial condition of India has now been thoroughly examined; and while, on the one hand, Ministers feel persuaded that, under a system of free trade, the means of remittance will be facilitated, they, on the other, hold it to be their bounden duty, to require that India shall not be allowed to be a permanent burthen on the finances of England.

The question of remittance has no necessary connection with that of deficiency of Indian revenue. It would equally arise, howsoever large might be the surplus revenue of India. If our accounts were framed on proper principles, the surplus or deficit of that country would be exhibited only after a

distinct allowance for any loss sustained in exchange between India and England, just as on remittance from one part of India to another. This principle it will be useful to maintain steadily in view; but both questions may be kept clear of extraneous entanglement; and I would not be understood as denying to the China trade, as conducted by the Company, the merit claimed for it, namely, that it has both discharged the cost of remittance, and also supplied the deficiency of the revenue.

But I must remark, that in both respects this object has been effected by the surplus profits of the trade, and that these surplus profits have been drawn from the people of this country, constituting as truly a tax on them as any of the national imposts properly so called. The seventeen millions, for example (admitting for the sake of argument the amount to be justly stated), by the supply of which through the China monopoly, it is observed in the Minute, that the public debt of India has been kept down, have been contributed out of the resources of this country, as certainly as if they had been appropriated by a vote of Parliament in aid of the Indian Finances.

As to the means of remittance, assuming the funds to be actually forthcoming in India, it seems to be clear, both from experience in analogous cases, and from the evidence taken before the Committee of the House of Commons, that no difficulty can be anticipated in effecting a transfer of them by the channel, of general trade, on terms fully as favourable as those which the Company's commerce can afford. The facility will even be increased, if, as may be hoped, the general trade should increase under the new arrangements. The China trade itself will become more and more available for the end in view; and the probability is, that there will be an improvement of exchange, though not so far as to equal the rate now applied to the accounts between the two branches of the Company's concerns. It should, however, be remembered, that the advantage given to territory by the adoption of an arbitrary rate is, in truth, not a gain upon the exchange, but a portion of commercial profit applied through that medium to the use of the territory, and ought to be considered as a part of those regular charges for which India, and not England, is answerable. So also with regard to the actual deficiency of funds in India to meet the necessary expenses of the Government. There has certainly been such a deficiency, and it has been supplied by the means above stated. Whether to the extent of seventeen millions or twelve millions (the latter is the amount in the Appendix to the Report of 1830) or any other sum, it is not necessary here to enquire. But the mere fact of a deficit having hitherto existed, is no proof that there will always be a deficit in future. Yet this is assumed in the argument of the Secret Committee, and is more distinctly stated in a subsequent part of the Minute. In reference to the plan of charging the annuity of £630,000 on the Indian revenues, they observe, that "there is little prospect that India, when deprived of the advantages of the China trade, will be able to pay it." I cannot but suggest, that this conclusion has been drawn from inadequate premises. A floating, but a regular, deficiency has hitherto been found to subsist in the Indian revenue; and the void has as regularly been supplied from other sources, without difficulty and without disturbance. The accommodation has proved most useful; but it may be apprehended that the very existence of a resource, so constant, so effectual, so readily and quietly applicable, has tended to create the evil which was to be remedied. I mean no particular reflection on any of the local Governments of India in past times. It was natural that they should not be very rigorous in repressing an expenditure, the excess of which the commerce was ever ready to feed.

The opinion which I have here stated is now, I believe, very generally entertained: it is not, indeed, without some countenance, even from the Minute of the Secret Committee. If "the searching measures of economy," to which that Minute alludes as having "of late years been introduced in all the branches of Indian administration" had earlier been applied, there can be no question that much of the necessity of a resort to extraneous succour would have been averted; and I feel as little doubt that those measures, or others of the same nature, would long since have been enforced, had not the desired succour been always at hand. In this view, the experience of the past, though unfavourable, may sanction better hopes as to the future. Once cut

off the resource of the surplus profit, and the administrators of the Indian revenues will find themselves compelled to confine their expenditure within the limits of their proper income.

In this place it is right to mention, that the Government plan, if carried into effect, would not, as appears to have been apprehended, involve the augmentation of the present Indian Debt, nor impose any new burthen on the Indian Resources. It is proposed to invest the proceeds of the Company's property in the purchase of the existing Indian Debt, to the amount necessary to secure the promised dividend, and to place the East-India Stock-holders in the room of the Creditors so purchased out. The effect would be, not increase, but substitution. It is further intended to make this substitution in a manner peculiarly advantageous; namely, by redeeming, in the first instance, the remittable debt, which is, you are aware, held by conditions peculiarly unfavourable to India. The proposed annuity, therefore, is not by any means to be regarded as a fresh burthen on the Indian resources, for which India will receive no financial equivalent, but as an outgoing, for which compensation will be derived through the medium of the Commercial funds of the Company, applicable to the use of the Territory, and ultimately operating to the reduction of the Indian Debt. This plan, therefore, instead of impairing, will tend to improve the general resources of our Eastern Empire.

With respect to the competency of India to answer all the just demands on her Exchequer, no rational doubt can exist. A revenue which, notwithstanding fluctuations, has during the last twenty years been steadily progressive--which, estimated according to the Parliamentary rates of Exchange, has now reached the annual amount of twenty-two Millions, and which promises still to increase; a territory almost unlimited in extent; a soil rich, fertile, and suited to every variety of produce; great resources not yet explored; a people, generally speaking, patient, frugal, laborious, improving, and evincing both desire and capacity of further improvement; these, I think, are sufficient pledges that our Treasury in the East will, under wise management, be more than adequate to meet the current expenditure. These anticipations may be deemed too sanguine; but it must be observed that, in indulging them, I am assuming that the system of retrenchment now in operation throughout the different departments of the Indian administration, shall be followed out with wisdom and with steadiness, and that the resources of the country shall be fostered both by active encouragement and by judicious forbearance on the part of the governing authorities. On these suppositions, and considering moreover how greatly, and even extraordinarily, our political position in that quarter has been improved, and our empire consolidated, during the currency of the present Charter, it is, I think, no extravagant conjecture, that the financial condition of our Indian dominions will gradually advance, and not with an operation injurious to the people, but in perfect harmony with the progressive development of the national powers and capabilities. Such, surely, are the results which we may hope to see realized in that country, under the sway of a Government exclusively devoted to the administration of its territorial concerns, and watched and seconded by a constituted body bound up in interest with its territorial prosperity.

Having now given some exposition of the train of thought by which the Government have been led to the conclusions embodied in the first two propositions of the Paper of Hints, I proceed, secondly, to consider the particular arrangement under which it is proposed to accomplish their purpose.

The third and fourth propositions in the Paper of Hints are as follow:

"The Company's assets, commercial and territorial, with all their possessions and rights, to be assigned to the Crown on behalf of the Territorial Government of India.

"An annuity of £630,000 to be granted to the Proprietors, to be paid in England by half-yearly instalments, and to be chargeable upon the territorial revenues of India exclusively, and to form part of the territorial debt of that country, not to be redeemable before the 30th April 18—; and then, at the option of Parliament, by the payment of £100 for every £5. 5s. of annuity."

"These propositions," it is observed in the Minute, "appear to the Secret Committee of Correspondence to involve in substance the abolition of the East-India Company, and the surrender by them (for it cannot be contem-

plated to deprive them) of all their rights, privileges, and property, for no other compensation than the chance of receiving, after every other territorial demand shall have been satisfied, a dividend of 10½ per cent., for a term whose length is not stated, and which, whatever the term may be, there can be little prospect that India, when deprived of the advantage of the China Trade, will be able to pay."

On that part of this passage which refers to the security for the proposed dividend, I trust no long discussion can be necessary. Though it be made the last clause of the Committee's objection, I notice it first; because, if the impressions of the Secret Committee should prevail with the Court of Proprietors, I regret to say that there can be little hope of a satisfactory settlement. But I have already expressed the sentiments of the Government on the subject, and I cannot doubt that the justice of those sentiments will, on consideration, be generally admitted. I must further remark, that the Secret Committee have materially misapprehended the provisions of the plan, if they suppose it to be meant that, when the Proprietors shall be placed on the territory of India, their annual dividends will be postponed to those of other territorial creditors. They will have the same plenary demands on the State with all other public creditors, and will stand precisely upon equal grounds. They will no more come last, than they would come last in England if they had bought into the Consols. I have, indeed, before explained, that they would not constitute a new body of creditors, but only be substituted for creditors already existing.

With regard to the claims which the Secret Committee prefer on behalf of the Company, in whatever manner they may be adjusted, yet for the liquidation of them the Company surely cannot look beyond the property and revenues which they have hitherto administered. To the continuance of a monopoly of the China Trade, or to a share in any tax to which the consumers of tea may be subject, it will not be contended that they have any claim on the ground of right. As little can the notion be entertained of casting them upon the general revenues of England. But I have the happiness of believing that the security offered to them is open to no reasonable impeachment; and, deeming it superfluous to dwell on this topic, I shall, for the present, content myself with the expression of my regret, that the Secret Committee should have admitted into their Minute the declaration which I have quoted. I must however add, that in proportion as the plan is advantageous to India, the value of the security will be enhanced. I will, therefore, before I consider specifically the points at issue, briefly advert to some of the circumstances which recommend the plan of the Government.

The plan, as I have already explained, involves no increase of Indian debt or of charge on the Indian resources, but simply the substitution of one set of public creditors for another; and that, in a manner peculiarly advantageous to India, by the purchase, in the first instance, of the remittable debt. While, therefore, with regard to England, it involves no expense, its financial advantages with respect to India are more than negative. It removes the pressure of a liability, which it might be difficult to find another opportunity of so conveniently discharging. It secures to the Proprietors of East-India Stock their dividend:—it not only preserves them in a separate character, thus continuing the connection between the Directors and the Constituency by whom they are elected, but it knits that connection more closely;—it identifies their interests with those of India, by giving them a direct and immediate money interest in its good government, and thus qualifies them, in a decidedly greater degree than hitherto, for the duties assigned to them in the system of Indian administration;—it relieves, at the same time, the Directors from many avocations, which can scarcely fail to withdraw their attention from the duties which belong to them as the rulers of a vast empire;—and thus, while it is directly beneficial to the Indian finances, it affords new and stronger securities for that good government, on which the prosperity of the finances, not less than of all the other interests of India, must mainly depend.

Reverting to the general scope of the passage of the Minute under consideration, I have to observe that the propositions objected to cannot, in fairness, be said to involve the abolition of the East-India Company. On the contrary, the Company would stand on as firm a basis as ever; the Proprie-

tors receiving the same income as heretofore; their representatives still holding their place in the government of our Eastern Empire; and their privilege of trading as a joint stock company restricted, only because the exercise of it appears to be inconsistent with the obligations incident to the acceptance of political power.

In so far as concerns the property belonging to the Company in their commercial capacity, the proposed arrangement may, indeed, unobjectionably be said to involve a surrender; but it involves also an equivalent, or what is so deemed. The sufficiency of the equivalent is a distinct question to be considered as we proceed. If it be not insufficient, as I am persuaded it is not, there are assuredly abundant reasons to recommend the plan; and, whether it be said to involve surrender and compensation, or conversely, tender and condition (for either expression is equally just), is not to be forgotten that the proposed arrangement is not compulsory. To accept or reject it, rests with the East-India Company. Strongly convinced that it will be for the advantage of the Company to accept it, His Majesty's Government cannot expect or wish that they should do so, except under a similar persuasion. On the one hand, His Majesty's Ministers, sincerely desirous of retaining the agency of the Company in the political government of India, are not the less anxious to see full justice done to all their claims. On the other hand, they are bound to watch with a jealous care over the general interests of the empire.

In the plan proposed, they have endeavoured to reconcile these several objects; and advancing, as I shall now do, to the more detailed consideration of the two particulars already specified,—the surrender required, and the compensation tendered,—I shall, I trust, be able to satisfy you that their endeavour has not been unsuccessful.

First, let us shortly consider what it is that the Company is called upon to relinquish.

As already intimated, their China monopoly (I may use the word without any strictness of definition) ceases by the mere operation of law at the time fixed by the Act of 1813. Here, at least, nothing is surrendered. The right of British subjects to trade with India on an entire equality with the Company cannot be denied. It cannot be pretended, that the special privileges and property belonging to the Company in that country would operate to the exclusion of their countrymen from any essential facility of admission or trade.

The dominion of the British Crown, securing equal protection for all classes of British subjects throughout Hindostan, has superseded the use and altered the character of those factories and settlements which may have been necessary to commercial dealings in former times. Here again nothing is surrendered.

The political authority which the Company is to retain must be held as the pure gift of the British Parliament:—a trust confided to a particular body of British subjects, for the benefit of the Indian people, and for the good of the British empire in general. That which may at the pleasure of the State be withdrawn, cannot in any just sense, be said to be surrendered. Apart from the exercise of political functions, the relinquishment or limitation of their trade, on the footing of free competition, is indeed entirely optional with the Company. But their trade, conducted on such a footing, cannot, in the judgment of His Majesty's Government, be expected to be profitable;—and, finally, I must state with all plainness, that the interests belonging to the Company in that property which they appear to regard as exclusively commercial, are involved in a multiplicity of doubts and entanglements, from which an escape seems to be next to impossible, except through the operation of some such comprehensive scheme as that which His Majesty's Ministers propose.

The basis on which the arrangement rests is the principle of a compromise between the two branches of the Indian concern,—the commercial and the territorial; meaning to denote by the former term, the interests permanently belonging to the Company as a commercial body, and by the latter, those national interests which they have administered as the organs of the political government of our Indian empire; with the obligations attaching to each class of interests respectively. The questions at issue between the two branches,

the latter of which it is especially the duty of His Majesty's Government to represent in the present discussion, are, I need not say, long and intricate, consisting of reciprocal claims, some really questionable, and nearly all, in some degree or other, disputed. These differences could be brought to a termination only by one of two courses,—the one amicable, the other contentious :—either by an amicable compromise ; or by an actual and authorized investigation,—searchingly applied to each head of an immense and complicated mass of details, with a view to an exact and final apportionment. Such an investigation, however successfully we suppose it to be conducted, would be destructive of those paramount objects which, for the good of India and of England, the Government arrangement contemplates. The intention being, that the Company shall be continued in their political capacity, and that they shall commence the exercise of their resumed functions in the utmost possible state of efficiency, it would obviously be incompatible with that end that they should instantly be engaged in a sort of self-litigation, to be prosecuted by means of a complicated, vexatious, and scarcely terminable enquiry.

Even without reference, however, to the proposed arrangement, it may easily be shewn, that an investigation of this nature would be productive of the most serious inconvenience to the Company themselves. According to the views which have at different times been stated on the part of the Company, there would, indeed, be little necessity for any investigation at all.—In conformity with those views, the Secret Committee have recorded their sentiments in the following passage : “ With every respect for His Majesty's Ministers, the Committee unanimously decline to recommend the before-mentioned proposals to the Court of Directors, to be offered by them for the acceptance of the Court of Proprietors, and beg leave to record their opinion, that no proposition whatever for continuing the Government of India in the hands of the Company, when deprived of the exclusive trade with China, can be acceptable to the Company, unless the Proprietors be fully secured in the regular payment half-yearly of their dividend of ten and a half per cent. per annum, and in the right, whenever paid off, to such an amount of principal, as, at the present price of Consols, would produce that rate of dividend. The Committee submit, that this is the least to which the Company can be considered entitled, when it is remembered that they have property amply sufficient to provide an investment in consols equal to the required dividend ; such property consisting of commercial assets, of pecuniary claims of large amount in India, and of possessions of rights in that country of great value, their title to which has never been disputed.”

Supposing this statement to be unimpeachable, and supposing all that is here enumerated to be the clear and unquestioned property of the Company, unaffected by any liability to any other party, the idea of a compromise would, of course, be inadmissible. They would then be justified in pressing their claim to the uttermost. But this concession can hardly be expected. The property claimed as commercial by the Company is well known to be exposed to many doubts and questions, both as to the amount and the nature of its component parts. It is further supposed to be subject to heavy liabilities.

My only object, at present, is to prove that compromise is the far preferable mode of proceeding. I am not, therefore, called to give an opinion on the disputes between the parties, and still less on the responsibilities of the commercial capital. If it can be shown that, in the opinion of very competent authorities, doubts of the gravest kind attach to the subjects of altercation, and that it is questioned by such authorities, whether the most serious liabilities do not affect that property which the Company assume to be incontrovertibly their own, my purpose will have been gained ; for it will then appear, that adjudication cannot be attained, except through the medium of a minute and detailed enquiry. But, in whatever mode such an inquiry may be conducted, —whether by a Parliamentary Commission,—or by arbitration,—or before a legal tribunal,—or in any other imaginable form,—the very institution of it must give a severe shock to the credit of the Company. That blow once struck, the sequel will be marked by increasing mischief. Such enquiries, it is well known, are usually protracted far beyond the estimated time. In the given

case, the examination must extend back through the transactions of nearly a century, and must apply to property, both in India, in England, and afloat, and, as to a great portion of it, placed under very peculiar circumstances.—In the interim the Charter expires:—the China monopoly is at an end:—and in what situation, it may be asked, are the East-India Stock-holders?—From what funds are the dividends to be paid?—In what manner are the commercial operations of the Company, even those already in progress, to be carried forward? Let it be supposed (what certainly cannot be assumed as matter of course) that the final issue, at some period which it is impossible to anticipate, shall assign to the Company all that they claim,—will it be contended that even such an event would, in the slightest degree, compensate for the injury which they must in the mean time have sustained?

It is, however, incumbent on me to advert to the grounds on which I have come to the conclusion, that the question between the commerce and the territory really involves the difficulties supposed.

The Commercial property claimed by the Company, exclusively of property in India, may be thus stated :

The Commercial capital, as computed by the Company on the 1st May 1829	£21,102,182
Reimbursements of wars previous to 1765	£3,616,000	
Less—Home Bond-debt at that time outstanding	1,616,000	
	<hr/>	2,000,000
		£23,102,182

The commercial capital, computed at £21,102,182 on the 1st May 1829, is thus composed :

Cash at home and abroad, and property in the public funds	£2,186,129
Goods and merchandize at home and abroad	7,383,937
Property afloat and freight thereon	3,531,897
Debts due to the Company at home and abroad for goods sold and investments	2,227,195
Buildings and dead stock	1,167,967
East-India annuities	1,207,560
Due from territory	4,631,906
	22,636,585
Deduct debts	1,534,403
	<hr/>
	£21,102,182

• It would be improper in me to assert, nor do I mean even to insinuate, that, under most of these heads, an impartial arbitrator would not adjudge to the Company that for which they take credit. But, unquestionably, no arbitrator could dispose of the matter, without having first considered various deductions which, on behalf of the territory, might be claimed; I do not say justly, but with sufficient reason to warrant the demand.

Thus, for example, of the sum stated to be due to Commerce from Territory, amounting to £4,631,906, a large amount is open to question, independently of the surplus of commercial profits, which is liable to appropriation under the 53d of Geo. III. Thus, also, it has long been, as you well know, a matter of dispute, whether the Home Bond-debt (amounting to £3,796,000) is chargeable to the Territorial or the Commercial branch. On whichever of those branches that debt shall be determined ultimately to fall, it must, at all events, be paid in the first instance by the Commerce; and although it is probable that the holders of the bonds would be averse to being paid off, yet if it should be deemed expedient to discharge the whole, or any part of their debt, so much of the Commercial funds as may be necessary must, of course, be applied to that purpose.

The value of the property which might be considered clearly to belong to the Company would also give rise to various questions; and more especially, the rights and privileges claimed by the Company in India, most of which have been in abeyance for a period of nearly seventy years, would certainly be found involved in inextricable doubts, both as to amount and as to title.

It would, indeed, be difficult, if not impossible, to come to any conclusion as to any part of the property under enquiry (supposing that there is no compromise) without opening all the questions which have been raised in regard to the Commercial profits of the Company, and the origin of their debts and assets; questions which, as you know, comprehend the very origin of our Territorial acquisitions in India, and require for their solution a variety of information now probably no longer to be attained.

A moment's reflection on the particulars embraced by each of the several heads above specified, will, I conceive, satisfy every reasonable mind of the necessity of admitting the principle of a compromise for which I am contending. But supposing that all these difficulties were overcome,—supposing all the facts as stated on behalf of the Company, to be established, and all the items exhibited in their accounts to be admitted, there remain grave and perplexing questions of law, which embrace the whole extent of the Company's claims, and of which the consideration cannot be neglected or evaded. These I proceed to explain.

The Commercial assets of the Company, included in the account of Stock by computation in 1794, although not separately and distinctly exhibited, may, I presume, be stated to have been under eight millions sterling. The Commercial assets on 1st May 1814 were computed by the Company to exceed nineteen millions. In that period, therefore, that is under the Charter Act passed in the year 1793, the property in question was increased by a sum of more than eleven millions. We need not argue on the supposition that this increase arose out of an application of the Territorial funds in the hands of the Company, to their Commercial occasions. The representations which have been made on that point would, indeed, have to be very fully and carefully considered, if we were driven to a contest between the two branches; and they have not been overlooked by His Majesty's Government in considering the expediency of a compromise. But the liabilities to which I am now adverting attach to the Company, on the favourable assumption that the whole of the increase in question may be resolved into an accumulation of so much of the Commercial profits received during the time. The question is, whether any part of the Commercial profits could legally be thus applied?

It is admitted on all hands, that by the Charter Act now existing, no similar application of the Commercial profits could legally take place. But it is urged, that the Act of 1793 is no less peremptory than that of 1813, in setting apart the surplus profits of Commerce for Territorial purposes; and good opinions hold it to be seriously questionable, whether, at least, at the expiration of the Act of 1793, the Company were not bound to replace to the credit of the Territory all that accession to their capital which had been formed out of the intermediate profits of their Commerce, and whether that obligation on them does not remain in force up to the present moment. The opinions to which I have alluded, I must be distinctly understood neither to impugn nor to support. Others of equal weight may perhaps be cited in opposition to them. But the very circumstance, that a question so seriously affecting a claim founded on a matter of account divides authorities entitled to respect, would form a strong reason why the parties concerned should resort to a compromise, rather than contend for rights, the mere discussion of which must occasion great injury both to themselves and to the public. The liability to which I have now referred, supposing it really to attach to the Commercial assets, so called, of the Company, would deeply affect the value of their property. A doubt, however, has been raised, and is indeed sufficiently familiar to the Company themselves, whether that property be not liable to another demand, which would be absolutely overwhelming.

The question which I have in view is this,—whether the whole of the Company's Commercial property be not legally responsible for those debts and engagements which have been contracted in the Company's name for political and territorial purposes, and whether it will not continue so responsible.

even although the Company should be wholly deprived of their political powers and functions. This question branches into a variety of points which I forbear from enumerating, but which I can, on good authority, state to be entitled to the most serious consideration; and which, if pressed adversely, cannot fail to involve any attempt to adjust the Company's affairs in the utmost embarrassment. I have felt no difficulty in adverting to this subject; because as I have before intimated, it is in its general nature not new to the Company.

Let it be observed, however, that I consider the question referred to as likely to arise only in the event of an adjustment being attempted on the ground of strict right. I will hereafter endeavour to shew, that neither this nor the former question ought to embarrass the Legislature in sanctioning an adjustment on the basis of the compromise suggested by His Majesty's Government.

It will, perhaps, be said that, whatever may be the strictly legal estimate of the mutual debts and demands of the Commerce and the Territory, Parliament may, and must, deal with this contested case on enlarged principles of justice and policy.

That such is both the right and duty of Parliament, His Majesty's Ministers are convinced; and it is precisely on this persuasion that they found their hope of obtaining from Parliament an approbation of the plan which it is their intention to recommend. It will presently, I trust, appear that, in its essential features, that arrangement is not without a sanction even from past Parliamentary proceedings. Meanwhile, I need scarcely remark that Parliament can legislate on no partial view of interests in this complicated case, and must always lean to the rule of confirming legal rights, where no clear cause is shewn for an exception.

From the tenour of some of the previous observations, it might perhaps be argued, that the claims which the Government least consult in proposing a compromise, are those on the part of the Territory: But the truth is that, in the judgment of the Government, the concerns of the Territory, no less than those of the Commercial department, have a deep interest in a compromised settlement. No share which the Territory might ultimately gain of the Company's assets alleged to be commercial, could compensate for the evils of an enquiry of indefinite extent, duration, and complexity. During the process of that enquiry, the contested property would be in the hands of the adverse party: and a good deal of difficulty might occur in furnishing the funds necessary for the current home expenditure.

There are other considerations, however, beyond these. The most important object for the Territory is, that it should, as soon as possible, be placed under a good and settled system of Government. Whether the plan of His Majesty's Ministers sufficiently provides for that object, is a question of separate consideration; but, assuming for the present this to be the case, the plan cannot too speedily be carried into effect: not to mention what has already been said, that if the Company, as a Commercial body, should be placed in immediate litigation with the Territorial interest, the continuance of their political functions, which is one material part of the plan, would be rendered quite impossible.

Of the public creditors in India, who form an important branch of the Territorial interest, I must observe, that their rights (I speak not now of the claims in dispute between the Commerce and the Territory, but of their rights as national creditors of India), though undoubtedly standing on a firm foundation of justice and expediency, have never yet been recognized by the Legislature, except in a temporary point of view. Their situation is, in some respects, anomalous—for they have grown up under an anomalous system—and might subject them, if it were tried by technical rules of law, to questions against which they ought to be secured. If it be said here, as in the former instance, that the rights of this class of men should be dealt with, not on the ground of legal exactness but of a liberal equity, I willingly, as before, accede to the opinion: and it is precisely because I do so, that I desire to release the interests of these, as of all other parties, from the embarrassments of extreme claims and pretensions, and to provide for them on the common basis of a fair and rational compromise, sanctioned and established by the authority of Parliament.

It cannot be expected that the several parties concerned should relinquish their claims without adequate consideration. On the other hand, the deter-

mination to maintain or resist them with unqualified rigour, would involve consequences, the very exemption from which is more than an equivalent for even liberal concession.

The expediency of acting on the principle of a compromised settlement will not, probably, be longer contested; and I shall now proceed to consider, whether the terms prescribed by the plan of Ministers be fit and just.

The difficulty of settling the conditions of the compromise between the Commercial and Territorial interests, arises chiefly from the confusion of functions which has hitherto, and perhaps of necessity, existed in the system of the Company. To some extent the same difficulty has always been felt, and has been dealt with; for even during the pendency of the system, and while the two departments have continued in avowed connection, Parliament has found it necessary to fix a limit between the interests belonging to them respectively. The object now is to discover some practical rule of demarcation; some principle, the operation of which may be expected to satisfy both parties: and such a principle is not to be sought in abstract or speculative considerations, but in the results of experience, so far as these afford any precedent applicable to the case.

It appears to the Government, that, by observing what has hitherto been the feeling and understanding as to the relations that ought to subsist between the two classes of interests in question,—what degree of beneficial share in the common concern has through a long course of years been allotted to each, and apparently with the approbation of all parties,—an adequate guide or standard will be obtained for the terms of any prospective arrangement.

The difficulty, as I have observed, has already been dealt with by the Legislature, though under circumstances, it must be owned, considerably different from those under which it now presents itself. The Charter Acts of 1793 and 1813 carefully regulated the order in which the Company, as a Commercial body, that is, the Proprietors of Stock, on the one hand, and the Territory on the other, in respect of its interest to relieve itself from debt, might make use of the Company's Commercial profits; and the provisions laid down for this purpose by those two Acts, though not precisely identical, were nevertheless conformable to the same general rule. Both Acts directed that, after providing for certain urgent or current payments, all the net proceeds of the Company's sales at home, and the duties and allowances arising to them by private trade, and all their other profits in Great Britain, should be applied in payment of the dividend to the Proprietors. Both Acts afterwards directed the application of the profits to the payment of the debt in India, until such debt should have been reduced to a certain specified amount; but that when that debt was thus reduced, and the Home Bond-debt was also reduced to a certain amount, the surplus profits (and by the later Act the surplus revenues also) should be applied to the formation of a guarantee fund of £12,000,000. If the debts, however, should afterwards exceed the specified amount, the appropriations were again to take place. The limit assigned to the Indian debt by the Act of 1793 was that of two millions sterling; by that of 1813, ten millions sterling; and it is hardly necessary to say that the present debt very greatly exceeds the latter amount. I do not state the provisions of these clauses with minute exactness; and some of them I wholly pass by, as not in the least affecting my immediate argument. The acts differ in some particulars from each other; but in main points, so far as respects the present question, they coincide, and the principles common to both may thus be said to have been established by Parliamentary sanction, by general acquiescence, and by the experience of forty years.

I should, however, mention that both Acts provide for the reduction of the Home Bond-debt; and the Act of 1813 directs its reduction indifferently with that of the Territorial Debt, at the option of the Directors, with the approbation of the Board. I must repeat, that if the proposed arrangement takes effect, the Government must, out of the Commercial funds of the Company in their hands, make adequate provision for the Home Bond-debt, in the event of its being expedient or requisite to discharge the whole or any part of it. This I wish should be always understood; although, for the sake of brevity, I do not always specify the Home Bond-debt in words, when discoursing of

the Company's obligations; and although, on account of the greater importance of the interests more immediately connected with Territory, I treat the question before us generally as a question between the Proprietors on the one hand, and the Territorial interest on the other.

Whether the Home Bond-debt ought in strictness to be considered as Territorial or Commercial, it is on this plan quite unnecessary to determine. It is true that, during the subsistence of these Acts, the Commercial and Territorial functions of the Company were, for many purposes, very intimately blended together, and that the precedent which they furnish cannot without modification be adapted to the present conjuncture. The connection between Commerce and Territory was then to be continued; it is now to be dissolved. The object then was to effect a distribution of profits; it is now in the nature of a division of capital. Still a general conformity to the principle of those Acts is by no means impracticable.

It is, indeed, to be recollected, that the principle in question has already been maintained under an important change of circumstances. The Act of 1813 implicitly, though with circumstantial variations, followed the preceding Act. Under the Act of 1793, however, the Company retained in substance the monopoly of the Indian trade. Enjoying then the whole trade of the country which they at the same time governed, it might have been natural to suppose, and in fact it was at that period supposed, and supposed in some respects correctly, that their Territorial power ministered to the advancement of their Commerce; and it might, therefore, seem but a fair return, that the surplus profits of the Commerce should contribute to the well-being of the Territory. But the Act of 1813 extinguished the exclusive privileges of the Company in India. It left them the monopoly of the China trade only; a trade having no natural connection with the territorial control of India, and which, at all events, could not derive from the Indian functions or measures of the Company, the same degree of assistance with that which had been afforded to the exclusive trade granted by the former Act. Still we find the former principle of appropriation continued. The Dividend is first secured; and then all the Commercial receipts, with the reservation above stated as to the Bond-debt, are directed to flow into the Territorial exchequer, until a certain measure of fulness is attained.

It is not my intention, nor do I conceive it of the least importance, to enquire into the particular views of those, at whose recommendation, and under whose guidance, the Legislature passed the two Acts in question, and especially the Appropriation clauses. But I find in those clauses a rule or principle established, which has now been actually, and without objection, in force during two entire terms of the Company's trade and sovereignty. Thus it is not only proved that Parliament has deemed itself morally, as well as constitutionally, competent to legislate on this subject, but a practice has, under its authority, been established during forty years. To that practice all subsisting interests have conformed, or under it they have grown up: and if the Act of 1813 were now to be re-enacted for another term of twenty years, or for a much longer term, it cannot be thought that any of the parties concerned would object;—indeed there is no doubt that all would acquiesce.

The principle so established by the two Acts in question may be thus stated: that the profit accruing from the Company's Commerce should, in the first instance, be employed in securing the regular payment of the Dividends to the Proprietors of Stock, and that it should then be applied (speaking generally) for the benefit of the Territory; such last mentioned application to be suspended only so long as the burden of debt on the Territory continues below a certain specified amount.

The position in which the Acts thus place the Proprietors is very observable. The Proprietors, being in fact the Company, are, in one sense, undoubtedly debtors to those who have claims on the Company; but, in another point of view, they may be considered as creditors on the common concern: and it is rather in this light that they seem to be regarded by the Appropriation clauses. But the claims of the Proprietors being provided for, the next use of the Commercial funds, to an indefinite amount, is given to the Territory for its own benefit, due regard being had to the claims of the Home Bond Creditors. I here use the expression, "the benefit of the Territory," because the reduc-

tion of debt must always be presumed to be beneficial to the Territory, though to the creditors who are paid off it may, in many cases, be very inconvenient.

I am aware, and indeed have already stated, that by both Acts some peculiar payments are directed to be made out of the profits, in preference even to the Dividend. These are payments, however, essential to the maintenance of the system, and without which the wheels of Government would come to an abrupt stand. It is on the same ground that, in the appropriation of the territorial revenues, certain payments of prime necessity,—those, for example, on account of the military expenditure,—are preferred to the payment of the interest of the debt. The general rule is not affected by such exceptions. I am aware, also, that in both Acts there are provisions, by which, after many intermediate appropriations, and after a large reduction of debt, the Proprietors are assured of sharing (very scantily indeed) in the ultimate residue of profits. There never has been any approach to the realization of the hope thus held out. The enactment has proved a dead letter; and the silence of all parties respecting it during many past years, proves that all notion of the promised benefit, if ever entertained, has long since been abandoned.

It is, on the whole, the opinion of the Government, that, with allowance for the change of circumstances, it will be both just and expedient that the pecuniary interests of the Proprietors and the Territory should be maintained in that relative position towards each other, in which they have so long continued under the express authority of Parliament, and that they should be so maintained by the same authority. They conceive that sufficient justice will be done to the Company, commercially considered, by continuing to them the receipt of their Dividend, and no more; and sufficient justice to the Territory, by calling on it to relinquish all claim to so much of the Commercial property as will be required to form a fund for the payment of the Dividend, on condition of receiving all the rest of that property to its own use,—the Government, on behalf of the Territory, taking upon itself, with the Commercial property made over to it under the arrangement, all the obligations incident to that property in the hands of the Company, among which obligations the Home Bond-debt is of course included.

Such is the principle which essentially regulates the terms of the compromise proposed by the Government, and they believe that it will be for the advantage of all parties to accede to those terms. On the one hand, the Proprietors of East-India Stock can offer no just objection to the plan. They are assured in the receipt of all that, during the last forty years, they have been satisfied to receive,—of all that they have habitually regarded as the amount of their pecuniary interest in the concern,—of all that they could fairly have expected, or that they would in fact have expected to be secured to them, if the present Charter Act were to be renewed for forty years or for a century.

It may be said, however, that the situation of the Proprietors is deteriorated, inasmuch as their future receipts are to depend only on the security of the Indian revenue. The Secret Committee, as has already appeared, expect that the Indian revenue will be permanently deficient; and they moreover think that the present amount of Dividend ought to be secured to the Proprietors in the national stock of this country, the Commercial capital of the Company being, as they allege, quite equal to purchase a sufficiency of such stock.

To the last suggestion there are several objections; but it may suffice to observe, that it could not be acted upon, without allowing to the Company all, or nearly all, that they claim as their Commercial capital,—and thus, in fact, conceding to them at once, and without investigation, all the points at issue between the Commerce and the Territory. That suggestion, therefore, must be dismissed from contemplation. All that seems essential is to shew that the situation of the Proprietors, so far from being injured by their acceptance of the new arrangement, will be materially improved. For let it be recollected, that the arrangement is offered to them, not as an admission of all the claims and pretensions which may be put forward on their behalf, but professedly on the footing of compromise.

In the first place, I must once more declare the conviction of His Majesty's Ministers, founded on grounds which, having already stated them, I need not

recapitulate, that the Territory of India is essentially solvent ;—that the Indian resources will, under proper management, be capable of answering every fair demand on them ;—and that, in order to call them forth into full efficiency, one of the principal means is to release them from the seductive and hurtful aid of the profits of a foreign trade carried on by those who administer them. His Majesty's Ministers are not only impressed with this persuasion, but they believe that, if the arrangement to be proposed by them were framed on the assumption that there must always, as a matter of course, be a deficiency in the Indian revenues, the very effect of the arrangement would be to perpetuate that deficiency. In the second place, let it be considered what is the present position of the Proprietors. Their security rests mainly on the profits of the China trade ; a trade, the very existence of which the Company state to be exposed to many dangers, and which no man will affirm to afford an absolutely certain resource, together with the reversionary prospect of help from the surplus of the Indian revenues, which surplus, according to the representations of the Secret Committee, will never exist, and which is at least not likely to be realized, under a system that renders the Commerce and the Territory mutually dependent. Besides this, the double security thus given to the Proprietors, whatever its value in other respects, is ensured to them only during a term of years ; on the expiration of which, a period now just at hand, their interests are left without any Parliamentary protection, and must stand exposed to those very doubts, questions, and embarrassments, from which the proposed arrangement is tendered to them as an escape.

The Acts of 1793 and 1813 looked forward, in some degree, to the unprotected situation in which the Proprietors would be placed on the expiration of their Charter. They even endeavoured to provide a resource for the emergency. And what was that resource ? The guarantee-fund of twelve millions, already mentioned : no approach to the formation of which has ever been made. Even that guarantee-fund, however, could in no case be formed, unless the Indian and Home Bond Debt were reduced to a certain specified amount. The intended arrangement actually gives to the Proprietors an income equivalent to that which the guarantee-fund was designed to secure ; and gives it, notwithstanding the existence of a largely increased debt. This surely is a boon to the Proprietors ; and, receiving it, they cannot reasonably complain that a liberal appropriation is next made for the benefit of the Territorial creditors, or of that territory on which the debts of those creditors are charged.

For these reasons, I am clearly of opinion that the Proprietors would be benefited by acceding to the projected arrangement. If, however, any doubt should still remain as to the value of the annuity which it is proposed to secure to them on the Territory of India, that doubt will be dispelled, by an appeal to the prices at which the promissory notes of the Government are actually sold in the market. If, again, it be suspected that those prices are enhanced, in consequence of the additional value given to the notes by a reliance on the Company's Commercial assets, then this circumstance must not be overlooked in estimating the actual interest which the Proprietors possess in those assets, and in lieu of which it is now proposed to assign to them a fixed dividend.

There is another objection which may perhaps be urged on the part of the Proprietors. It may be said that, whereas the Charter Acts reserved to them a chance, however distant and minute, of an ultimate reversion of profit, the proposed plan cuts off that chance, without holding out to them any equivalent for its loss.

I have before remarked on the extreme smallness of the ultimate chance so reserved. It is too remote and visionary to be taken into the account. But I must now further observe, that, if the plan of Ministers holds out no equivalent for the loss of that chance, this is not the fault of the plan, but of the actual state of the Company's assets and debts. There is no room, therefore, to speak of a reversion, or to complain that no compensation is to be made for the loss of it. These considerations will, I trust, satisfy the Proprietors, that their interests are duly consulted in the plan recommended by His Majesty's Ministers.

I must however add, in reference to this subject, that, while the Govern-

LETTER from the CHAIRMAN and DEPUTY CHAIRMAN to the Right Honourable CHARLES GRANT.

SIR :

East-India House, 15th February 1833.

WE have the honour to acknowledge the receipt of your letter, dated the 13th instant, which, as well as the Paper of Hints which you transmitted to the Chairman on the 17th December last, and the Minute of the Secret Committee of Correspondence of the 2d ultimo, we have communicated to the Court of Directors.

The Court, whilst they request us to assure you that no delay which they can possibly avoid shall be permitted to occur trust that they shall be allowed sufficient time for that calm and deliberate consideration which is due to the vast importance of the subjects treated of in these papers, and upon which it must be necessary, previously to any announcement of a new arrangement to Parliament, and the Proprietors should be consulted.

In order that the Court may be able to form their opinion, they are desirous of obtaining information upon three points, respecting which the communications from you do not appear to be distinct.

The Court therefore request that you will have the goodness to inform them, *first*, whether it be the intention of the King's Ministers to make it a condition of the continuance of the territorial government of India in the hands of the Company, that the Company should relinquish their right to trade in perpetuity? *Secondly*. Whether it be intended to include in the proposed assignment to the Crown of the Company's assets, that part of the commercial property which consists of monies actually subscribed by authority of Parliament as capital for conducting the Company's trade? And *Thirdly*, the term for which it is meant that the annuity of £630,000 shall be irredeemable?

We have the honour to be, Sir,

Your most obedient humble servants,

(Signed) J. G. RAVENSHAW,
C. MARJORIBANKS.

The Right Honourable Charles Grant,
&c. &c. &c.

LETTER from the Right Honourable CHARLES GRANT to the CHAIRMAN and DEPUTY CHAIRMAN

GENTLEMEN :

India Board, 19 February 1833.

I have the honour to acknowledge the receipt of your letter dated the 15th of this month.

I beg to offer my thanks to the Court of Directors for the gratifying assurance that no delay which they can possibly avoid, shall be permitted to occur in relation to the subject of our present correspondence. Relying on this assurance, I may, in return, express the sincere desire of the Government, that every opportunity should be afforded for the calm and dispassionate consideration, which, as you justly observe, is due to the vast importance of the subjects treated of in the Papers now before you.

In this spirit I proceed to advert to the three points on which the Court desire information. I shall consider the questions in the order in which they appear in your letter.

Your first question is:—

“Whether it be the intention of the King's Ministers to make it a condition of the continuance of the Territorial Government of India in the hands of the Company, that the Company should relinquish their right to trade in perpetuity?”

The relinquishment of the Charter of the Company, as a Joint Stock Company, forms no part of the Government plan. It appears, however, to the Government, and it will, I am persuaded, be, on consideration, the opinion of the Company themselves, that, so long as the Company are to exercise, under the new arrangement, the political powers proposed to be vested in them, it is indispensably necessary to the efficient administration of those powers that their right to trade should be altogether in abeyance, due time being, of

course, allowed for the winding up of their commercial concerns. I must think indeed that, even supposing no restriction of this kind to be laid on the Company, and supposing them to attempt to continue their trade as a Joint Stock Company, still the opening of the China Trade would have the effect of so lowering their profits, as to induce them, for their own sake, to desist from the exercise of the right in question, with respect to China, as they have already relinquished it virtually in regard to India.

The second question is:—

“Whether it be intended to include in the proposed assignment to the Crown of the Company's assets, that part of their commercial property, which consists of monies actually subscribed by authority of Parliament as capital for conducting the Company's trade?”

This question would almost seem to imply, that that part of the Company's commercial property which consists of monies actually subscribed as here stated, exists at this time in some separate and definite form. Though wholly unaware of such a fact, and impressed with the persuasion that the subscribed capital of the Company is involved in their general commercial property, I have no hesitation in replying, that in the proposed assignment the Government intend to include the whole of the Company's commercial capital, whether composed of subscription or accumulation, and whether existing in a separate shape, or mixed up and confounded with their general assets. On this basis, in truth, the proposition of the Government entirely rests, as the tenor of my letter of the 12th of this month plainly shews.

And, undoubtedly, all the property to which I have referred is equally comprehended in the very serious question to which, in that letter, I directed your attention, *viz.* “Whether the whole of the Company's commercial property be not legally responsible for those debts and engagements which have been contracted in the Company's name for political and territorial purposes; and whether it will not continue so responsible, even although the Company should be wholly deprived of their political powers and functions.”

The third question is, “The term for which it is meant that the annuity of £630,000 shall be irredeemable?”

The duration of the term His Majesty's Ministers regard as a matter open to discussion and arrangement. They are not indisposed to a considerable latitude of provision in that respect, and will be willing to take into consideration any suggestions which the Company may wish to offer.

In conclusion, I beg to express my readiness to supply explanation, if required, on any other points connected with the present discussion.

I have the honour to be, Gentlemen,

Your most obedient humble servants,

(Signed) CHARLES GRANT.

The Chairman and Deputy Chairman
of the East-India Company.

At a SECRET COURT of DIRECTORS, held on Wednesday, the 20th February 1833.

A letter from the Right Honourable Charles Grant, dated at the India Board the 19th instant, being read, stating, in reply to the letter from the Chairman and Deputy Chairman of the 15th instant, and in advertence to his communication of the 12th instant, that in the arrangement which it is now proposed to make with the Company, it is no part of the Government plan that the Company should relinquish their charter as a Joint Stock Company; but that it appears to the Government to be indispensably necessary to the efficient administration by the Company of their political powers, that their right to trade should be altogether in abeyance; that in the assignment to the Crown of the Company's commercial assets, the Government intend to include the whole of the Company's commercial capital, whether composed of subscription or accumulation, and whether existing in a separate shape or mixed up and confounded with their general assets; and that, with respect to the duration of the term for which the proposed annuity to the Proprietors of East-India Stock is to be irredeemable, His Majesty's Ministers regard the matter

as open to discussion and arrangement; that they are not indisposed to allow a considerable latitude of provision in that respect, and that they will be ready to take into consideration any suggestion which the Company may wish to offer; and expressing, further, his readiness to supply explanation, if required, upon any other point connected with the pending discussion:

It was

Ordered, That the said letter be referred to the consideration of a Committee of the Whole Court.

At a SECRET COMMITTEE of the WHOLE COURT, held on Friday, the 22d February 1833.

THE Committee, pursuant to the Court's references of the 15th and 20th instant, proceeding to take into consideration two letters from the Right Honourable Charles Grant, dated at the India Board the 12th and 19th instant; the former replying, on the part of His Majesty's Ministers, to a Minute of a Secret Committee of Correspondence of the 2d ultimo, on the Memorandum or Paper of Hints respecting the Company's Charter, which was sent by Mr. Grant to the Chairman on the 17th December last; and the latter containing a reply to certain questions submitted by the Court in a letter from the Chairman and Deputy Chairman of the 15th instant.

The Chairman laid before the Committee the draft of a proposed letter to the Right Honourable Charles Grant, submitting the sentiments of the Court on the principal propositions in the Paper of Hints, and on the statements and arguments contained in Mr. Grant's letter of the 12th instant.

The said draft of a letter was read; and

The Committee having deliberated thereon, adjourned to Tuesday next, the 26th instant.

At a SECRET COMMITTEE of the WHOLE COURT, held on Tuesday, the 26th February 1833.

THE Committee met by adjournment from the 22d instant, for the purpose of continuing the consideration of the draft of a proposed letter to the Right Honourable Charles Grant, submitting the sentiments of the Court on the principal propositions on the Paper of Hints respecting the Company's Charter, which was sent by Mr. Grant to the Chairman on the 17th December last, and on the statements and arguments contained in Mr. Grant's letter of the 12th instant;

And the Committee having agreed to certain alterations therein;

It was

Resolved, nemine contradicente, That the said draft of a letter, as amended, be approved and submitted to the Court.

At a SECRET COURT of DIRECTORS, held on Tuesday, the 26th February 1833.

THE Chairman laid before the Court the draft of a letter which had been agreed to by a Committee of the Whole Court to the Right Honourable Charles Grant, submitting the Court's sentiments on the principal propositions in the Paper of Hints respecting the Company's Charter, which was sent by Mr. Grant to the Chairman on the 17th December last, and on the statements and arguments contained in Mr. Grant's letter of the 12th instant:

And the same having been read, it was

Resolved, nemine contradicente, That this Court approve the said draft of a letter to the Right Honourable Charles Grant.

LETTER from the CHAIRMAN and DEPUTY CHAIRMAN to the Right Honourable CHARLES GRANT.

SIR:

East-India House, 27th Feb. 1833.

We have the honour to acknowledge the receipt of your letter, dated the 19th instant, containing a reply to the questions which the Court of Directors submitted in our communication of the 15th instant, and we beg leave to express

the acknowledgments of the Court for your promptitude in furnishing the information which they wished to obtain.

We now proceed to submit to you, and through you to Earl Grey and the rest of His Majesty's Ministers, the Court's sentiments on the principal propositions contained in the Paper of Hints received from you on the 17th of December, and on the statements and arguments contained in your letter of the 12th instant.

The first consideration which presses itself upon the Court's attention, and that which they feel to be paramount to every other, is the obligation under which the Company lie towards the people of India. Connected as the Company are and have so long been with that country by ties of the most binding character, and requiring as they do from its inhabitants a large revenue to meet the necessary expenses of the state, a serious responsibility must rest upon the Company to do all that in them lies to advance the prosperity of the country, and to promote the happiness of its vast population. From this responsibility the Court have not the least desire that the Company should escape. On the contrary, their first object ever has been, and must continue to be, the welfare of India; and so long as there shall appear to be the least prospect of their being instrumental in the promotion of that object, the Company ought not, in the Court's opinion, to shrink from continuing their agency in administering the territorial government. The same considerations would, we believe, lead them cheerfully to resign that weighty trust, if another plan, the alternative for example which you state the King's Ministers are prepared to adopt, can be devised better calculated to achieve the great object of providing for the good government of India.

The Court are, however, relieved from the necessity of adverting to any alternative plan, by the opinion which His Majesty's Government have decidedly expressed and reiterated in your letter, that, subject to the changes and modifications suggested in the Paper of Hints, the Company should retain the exercise of their political powers and functions. Practically, therefore, the primary question is, whether the Company can do so upon the terms proposed?—and this question ought not, the Court think, to be embarrassed by considerations affecting the property and claims of the Company as a commercial body. The Company would never think of relinquishing the charge of governing India merely because they had property to protect and claims to prefer; neither, we are persuaded, can it be contemplated by the King's Ministers, that the Company should, without adequate compensation, relinquish either property or claims, in order that they may continue to administer the government of India, for which trust they are considered to be the fittest instrument.

Whether the agency of the Company in that administration be continued or not, their separate rights of property must be maintained and preserved, upon the same principles as those of any other corporation. Justice in the decision of that matter (whether compromise or actual adjudication of each claim be resorted to) is all that the Company require, and is no more than they are entitled to expect.

Putting out of view, then, for the present, the claims of the Company in their commercial capacity, which will form a distinct subject for consideration in the sequel, we proceed to the primary question:—Whether the scheme of the King's Ministers be such as to enable the Company efficiently to administer the Government of India.

It is observable from your letter, that in deciding that the Company should continue the exercise of their political functions, His Majesty's Ministers have been guided by experience of the past, and by an apprehension that a fundamental change in that respect might be liable to constitutional objections in this country. But the experience of the past is the experience of a system which the plan of His Majesty's Ministers will, if adopted, essentially alter; for that system combines the territorial government of India with the trade of the Company, and that trade it is contemplated in the plan shall cease.

The Court admit, that the combination of Government and trade in India may be liable to some objection, and that it may be desirable for the Company to relinquish that portion of their commercial operations, if the requisite

remittance of territorial funds can be otherwise effected with equal advantage, security, and regularity as at present. The plan, however, provides for the cessation not only of the Company's Indian trade, but also of their China trade. It proposes, in fact, to annihilate the Company as a commercial body, and to restrict them to the exercise of their political functions.

The Court submit for the consideration of the King's Ministers, whether, in one most important respect, consequences very injurious, to say the least, to the good government of India might not ensue from the adoption of this material change in the constitution of the Company; and whether the immediate effect of such a change might not be, that the Company, instead of forming, as they now do, an integral, independent, and important part of the machinery by which the Government of India is conducted, would be reduced to a state of weakness and dependence, incompatible with the right performance of the momentous duty assigned to them.

The Court look upon the system of Indian Government established by the Act of 1784, as one in which the different authorities employed in carrying it on are eminently qualified to exert a beneficial check upon each other; and to this circumstance the Court are disposed to attribute much of the purity with which, since the passing of that Act, the Government has been administered. The nature of the local government of India, composed of three separate presidencies, the Governors of each of which act under the advice, and to some extent the control of their respective Councils, and the subjection of all the proceedings of this local Government to the Court, this body again subject to the control of the Board of Commissioners instituted for that especial purpose, make up a system of various powers, diverse in their origin, and acting under mutual influence, the effects of which the Court are disposed to think of incalculable value in a Government, the power of which over its subjects is almost absolute, and upon which public opinion can exert but a feeble and uncertain operation. If these remarks are well-founded, any measure, the tendency of which would be to remove from its position any one of the powers concerned in the government of India, or materially to weaken it in the exercise of its functions, is greatly to be deprecated. Now, to apply this argument to the case immediately in view, if the East-India Company (acting through the Court as their organ) were to lose any of their present power and influence; if, further, they were deprived of all effectual voice in the disposal of the funds which are now at their command; they might, indeed, be suffered to retain the nominal character of Governors of the British Territories in the East, but it is evident that all but the shadow of their former authority would be gone: they might, indeed, be charged with the same degree of responsibility as is now exacted from them in that capacity; but the grounds upon which much of this responsibility rests, and which render it just and proper that they should be held responsible, would no longer exist; and they would, probably, often have to incur the odium of resisting measures which they might consider objectionable, without having the weight and independence which would suffice to obtain for their objections a proper consideration. The Court are also firmly of opinion, that a considerable degree of independence should attach to the body in whom the patronage of British India is vested; and that, without the possession of such a character, the right of making appointments to office might prove rather a dangerous privilege.

Divested of their commerce, from which the Company derive so large a portion of their influence and character in England as a body independent of the Government of the country, the Court greatly fear lest they should become merely an instrument for giving effect to the views of the Indian Minister, whose sway over India would, under the plan of His Majesty's Government, be almost absolute, and little exposed to the vigilance of Parliament, in consequence of the appearance of a check in the Company, which, if the apprehension of the Court be well founded, would be perfectly illusory. The probability of such a result is greatly enhanced by that part of the plan which proposes to increase the powers of the Board, and to restrict those of the Company. You say, indeed, that the scheme allots important powers to the Proprietors. The only powers which it gives to them are those which they already possess; and whilst the Directors are to continue subject to all the

present limitations, the Board are to be invested with authority themselves to send dispatches, without allowing of any appeal, although their contents may be opposed to the judgment of every member of the Court.

We admit, indeed, that according to the construction which has been put upon the right of appeal now possessed by the Company, that right is valueless, except as affording some opening for calling public attention to the subject of dispute. The Court earnestly press upon His Majesty's Ministers the expediency, with a view to the security of India, as well as to a constitutional control over the acts of the Indian Minister in this country, of allowing an appeal upon the merits of important cases arising out of the Government of India, in which the Board and the Court may differ; or, at the least, of providing for giving publicity by the communication to Parliament of such cases of difference between the two authorities. The Court do not deny the expediency of making provision to limit the time during which it shall be open to them to appeal against alterations, and to secure the prompt transmission of the dispatch after the final decision of the appeal. The hope, however, that the expedient of allowing the Board, as well as the Court, to send dispatches, and thereby superseding the authority of the Court as the only body from which orders to the local Governments can constitutionally emanate, will never be adopted.

Nor is it only in respect of the transmission of dispatches that the Board's powers are proposed to be increased. By the plan suggested, the Court will be precluded from expending a shilling without the consent of the Board. That the Board should have a general control over the territorial expenditure, both in India and in England, the Court fully admit; but they consider a continuance of the independent power which they now possess, of rewarding services and conferring pecuniary benefits, to be of essential importance to the efficient exercise of their functions. The plan further provides, that the Board shall have power of control over the home establishment, the very officers and servants employed by the Court.

The Court do not say that His Majesty's Ministers in proposing this plan intend to convert the Court into a Government Board. If that were their intention, the Court are persuaded that the Minister would not hesitate frankly to avow it. But the Court must candidly state, that, in their judgment, no scheme could be better devised to produce such an effect, than one which embraces the propositions to which we have now adverted, and which we confidently hope that the King's Ministers will see the propriety of modifying. We are encouraged in this expectation by the assurance which you have given, that it is intended that the Company "shall commence the exercise of their resumed functions in the utmost possible state of efficiency."

In offering these remarks, the Court wish to be considered as speaking merely in the character, and under the obligations which that character imposes, of representatives of the people of India: as such, they desire to feel and to act during the present crisis: as such, they think that their situation entitles them to regard themselves; and their wish is, strenuously to avoid any line of proceeding inconsistent with the duties which such a character urgently demands.

It is in the same character that the Court attach value in a pecuniary point of view to the exclusive privilege of trade with China. They have not asked for, nor have they the least pretence to a continuance of that privilege, for any other financial purpose than that of supplying means necessary for carrying on the Indian Government. The Court would be understood as making this admission in the most unqualified manner.

In proceeding to notice the effect which a discontinuance of the Company's trade will have upon the finances of India, we must explain, that you have misapprehended the statement of the Secret Committee of Correspondence, that if "India had been called upon from year to year to provide funds to repay the full amount disbursed by the Company, the public debt of India since 1814 would have been upwards of seventeen millions more than it now is." The Committee did not mean to say, that the commerce had contributed seventeen millions, but that India had been saved from borrowing that sum; and you are aware that the commerce receives only English interest from the territory, whilst the territory, for loans contracted in India, must pay Indian

interest. This circumstance, and the difference of time (the statement in the Report of 1830 extends only to 1828-29, whereas that shewing the amount to be seventeen millions extends to 1833-34), explains the variation which you have pointed out. You will perceive that the statement of the Committee is exclusive of the advantage which has resulted to the territory, from the payment out of commercial funds of the interest of the Home Bond-debt.

The Court observe with satisfaction, that you are fully impressed with the fact, that the commerce of the Company has in past times proved a most useful auxiliary to the territory of India, not only by furnishing the latter with a safe and faithful remittance of the funds required for political purposes in England, but also by supplying to a great extent direct pecuniary aid to the finances of that country. But they also observe, that you appear to entertain a very strong opinion, that the territory, under proper financial management, is not likely to need this kind of assistance in future. While the Court are as fully sensible as His Majesty's Ministers can be, that it is not merely desirable to place India upon a solid basis of financial independence, but incumbent upon those to whom the duty of governing that country is entrusted, to adopt every prudent and practicable method for this purpose, they regret extremely that they cannot look forward with such sanguine expectations as you, Sir, appear to do, to the financial prosperity of India, when deprived of the support hitherto afforded to it by the Company's commerce. The only safe test whereby to judge of the financial capabilities of India prospectively, is past experience; and that, as you yourself admit, is directly opposed to the hypothetical expectations which you form of the future. So far from calculating upon any permanent increase in the territorial revenues, the Court cannot, under present circumstances, do more than hope that they will not materially decline; a point upon which they feel great anxiety, when they look to the actual condition of the land revenue.

With respect to charges, it seems to be the opinion of the King's Ministers that the expenditure of past times has been unnecessarily high, in consequence of the reliance placed by the local Governments on the Commercial profits of the Company. The Court cannot altogether concur in this opinion; they believe that the embarrassment of the Indian Finances is to be ascribed principally to the expensive wars in which we have at different times been involved. But even admitting that the argument has some weight, it is only properly applicable to the period since 1814. Previously to that time it was contended by the opponents of the Company, that their commerce was not only unproductive, but was a clog upon the territorial revenues; and it was for the purpose of settling that controversy that the separation of accounts was prescribed. You are, of course, aware that, in the term preceding the separation of accounts, as well as in the succeeding period, there was a large territorial deficiency.

The Court would not be understood to despair of India ever becoming independent on external financial aid; nor can it be necessary for them to say, that their most strenuous efforts shall be joined to those of the Board of Commissioners for the promotion of that very important object. Still, supposing it to be achieved, and it must be some time, at least, before that can be the case, we would earnestly plead for a continuance of the present financial system, upon the ground that India possesses a strong claim to the advantage of any surplus fund that could be saved by reduction of charge. Has not India been kept poor through her connection with England? Has not England derived immense wealth from that connection? And may not India, therefore, justly ask that she should not be deprived of the financial advantages resulting to her from the Company's trade?

The Secret Committee of Correspondence were perfectly aware, that so far as respects the proposed annuity of £630,000, no additional charge would be imposed by the plan on the Indian revenues, since the plan provides for the relief to India of an equivalent amount of present charge, by means of an application of a part of the commercial property to the redemption of the territorial debt; but the apprehension which the Committee felt, and it is one in which the Court cannot but participate, was, that India, when she has lost those advantages which she now possesses from the Company's trade, might be unable to defray the present charges.

You say, indeed, that those advantages "have been drawn from the people of this country, constituting as truly a tax on them as any of the national imposts properly so called." That would certainly have been the state of the case, if the privilege which the Company possesses had been used as a monopoly. But the Secret Committee have most correctly shown that such is not the fact. If you will refer to the Report from the Select Committee of the House of Commons of 1830, you will perceive that the Company have not received more than a fair mercantile profit upon the capital employed; and it will not surely be contended that the profit of a merchant is to be regarded in the light of a tax. If so, as we presume merchants who in an open trade import tea will expect a profit, the tax will still be continued, whilst a further direct tax will be necessary to defray the charge of collecting the tea duties. The great financial advantage which, as it appears to the Court, the present system possesses is, that by the concentration of a great trade, the reasonable profits of commercial operations are made available to supply a deficiency in the Indian revenues.

It is not only as regards an improvement in the Indian finances that His Majesty's Ministers are sanguine; they appear also to think that no difficulty will be experienced in effecting remittances from India on the territorial account, amounting to between two and three millions annually, upon terms as favourable as at present. The Court cannot indulge any such expectation; not that they deny that, when the Company shall have given up trade, the free trade from India and China will afford an extensive medium of remittance, but they think that it will be necessary for the Government either to consent to a sacrifice in the rate of exchange, by raising the requisite funds by means of drafts upon India negotiated here, or to take the security in India and in China of a lien upon Cargo, thereby rendering necessary some commercial establishment there and in England; and, in either case, they are apprehensive that the punctual realization of the full amount cannot be safely relied on. The expedient of a bullion remittance could only be resorted to occasionally, and might, we apprehend, operate inconveniently upon India.

Upon this part of the subject we will only further state, that it is impossible, in the judgment of the Court, too highly to estimate the importance of securing to the Home Government of India regularly the funds requisite to meet all territorial demands. If there should be any failure in that respect, the consequences in paralysing the efficiency of the supreme authority, and in communicating to India all the odium and misery of an apparently bankrupt government, will be inevitable; for it should never be forgotten, that the vital spring of the whole of this complex machine for administering the government of British India, is in England, where constitutionally it can alone rest.

We are persuaded, Sir, that you will do the Court the justice to admit, that in thus pointing out the difficulties which present themselves to the adoption of the proposed scheme, they are only discharging their duty to His Majesty's Government, to the public, and to India. Need we add, that if, notwithstanding all that has been stated, it shall be finally determined to separate the trade from the territorial administration, it will be the earnest endeavour of the Court to lessen the inconveniences which they have suggested as likely to arise from such a measure. But they must repeat, that to enable them to do so with any good effect, the plan should, in their judgment, provide much more completely than it does at present, for giving independence and weight to the proceedings of the Court, in that part of the government of India which it is proposed to assign to the Company.

The Court have fully considered all that you say upon the advantages expected to result to this country and to India from the opening of the China trade. Most earnestly do they wish that those advantages may be realized, and that the apprehensions expressed by the Secret Committee of Correspondence may be proved groundless.

Far be it from the Court to say, nor did the Committee ever intend to convey the idea, that it was chimerical, "under any circumstances, to expect an augmented demand for British manufactures among the Chinese." The question is not, whether, under any circumstances, but whether, under the present circumstances, and with reference not to the Company's exclusive privileges but to the commercial policy of the Chinese, such an expectation can

be rationally entertained? The Court think not: and this opinion is very much grounded upon the important facts brought to your notice by the Secret Committee of Correspondence, *viz.* That the Americans, second only to the British in commercial enterprize, have made the experiment of taking British manufactures to China, and have found it unsuccessful; that the officers of the Company's ships, possessing peculiar advantages of freedom from freight and of established connection in China, take such manufactures to a very limited extent; and that, although the way has been long open for goods of that description to pass from India and the Eastern Archipelago to China, British merchants have scarcely ever availed themselves of it.

These facts, elicited during the Parliamentary investigation, and in no respect shaken by any evidence of a contrary tenor, you have not noticed; but you meet the question by an exposition of the general principles of free trade, and by a reference to the results of the open trade with India.

The Court, equally with you, Sir, appreciate the power of British industry, capital, and enterprize, if allowed free scope; but the check to such exertions, in this case, is not, as the Court think, to be found in the Company's privilege, so much as in the conduct and policy of the Chinese. The doubt which the Court entertain is, in fact, whether it be possible for private and individual competition to withstand, much less to thrive under, the system of trade prescribed by the regulations of the Chinese Government, which we have no power to alter, and which they have shewn a fixed determination to maintain, notwithstanding the efforts which have from time to time been made to induce them to relax it.

Upon the comparison which you have drawn from the open trade with India, as proving the effects of freedom in augmenting a demand for British manufactures, you must allow us to point out to you, that the results of the India trade in that particular are not such as you suppose them to be. If you will examine the Custom-house returns, you will perceive that in *value* the exports of British manufactures to India increased in a larger ratio during the Company's last term, *viz.* from 1793 to 1814, than they have during the present. The quantities exported have undoubtedly increased during the present term as compared with the former, but the increase is much more than accounted for by abatement of cost; whilst, both in value and in quantity, the comparison is in favour of the former term, if we except cotton manufactures, which to a great extent have become a new article of export since 1814, and that not as the consequence of free trade, but of the power of machinery, and of other circumstances affecting trade generally.

If his Majesty's Ministers should think it necessary, the Court will be prepared to establish these several points; and being established, you, Sir, will admit that you do yourself injustice, that you do injustice to the eminent persons who with you were of opinion in 1813 that there was no ground to expect, without a change of circumstances, that the demand for British manufactures in India would materially increase, when you assert that such predictions have been disproved. But were the fact as you have supposed it to be, what analogy is there between China, where an Englishman can plant his foot on one spot only, and that merely by sufferance, and where a jealous government imposes whatever regulations it thinks proper for the protection of its own manufactures, and India, where there is resident a large and increasing body of Europeans, and where the British government may provide, as it has done, by fiscal regulations, for encouraging the manufactures of Great Britain, to the prejudice, if not to the entire destruction of those of India?

The Court therefore cannot agree with you, that any argument for throwing open the trade with China can be drawn from analogy with the working of the trade with India.

It would seem that the King's Ministers are also impressed with a belief, that even supposing no increase to take place in the exports from this country, an open trade would produce an increase in the exports from India to China; and you express an opinion, in which the Court entirely agree, that any view of the question of the China trade which excludes India, must be essentially defective.

We have no hesitation in stating our conviction, that whether the China trade be privileged or free, it must take the course principally of a remittance-trade from India; it being quite clear, that the most advantageous mode which

can be adopted for placing funds in China for the purchase of teas, is by drafts upon India. Indeed, His Majesty's Ministers must be aware, that nothing but the anxious desire which the Company have felt to uphold the manufacturing interests of Great Britain, has prevented them from buying all their teas with money from India, instead of purchasing one-third, as at present, with the proceeds of British manufactures. It will, perhaps, be said, that the Company, in doing this, have proved themselves to be bad merchants. That may be true. Their apology must be, the zeal with which, as British subjects, they have been animated (honest, though possibly mistaken), to promote what they conceived to be important interests at home. In an open trade merchants will, of course, have no other view than their own interests; and as those interests will be best promoted by exchanging the produce of India for that of China, the Court cannot but join with his Majesty's Ministers in expecting an increase in the exports from India to China. But this advantage would arise not so much from a cessation of the Company's privilege, as from a discontinuance of the practice which the Company have adopted, of sending large quantities of British manufactures to China.

We think it right here to explain, in reference to the comparison which you have drawn between the private trade of India with China in 1813-14 and in 1829-30, that the statement from which you have taken the value in the former year is confessedly imperfect, owing to the want of proper documents, as it includes the exports to Canton from *British* Indian ports only; whereas the value given for 1829-30 includes the imports into Canton from *all* the ports in the East-Indies. But not to lay much stress upon this circumstance, the Court must beg to remind you, that the cause of the large increase of the private-trade from India to China since 1813-14, is to be traced to the rapid growth of the *smuggled* trade in opium. Out of the total value of private imports into Canton from India, amounting in 1829-30 to Dollars 18,447,117, no less a proportion than 13,468,924 dollars was the value of opium. The trade in this article is prohibited by the laws of China, and it is consequently one in which the Company have never engaged. Had they done so, the comparative statements of the Company's and the Private-Trade, to which you have referred, would have exhibited very different results. This explanation, the Court think, goes very far to deprive any arguments, founded upon the growth of the private-trade, of the weight which might otherwise have attached to them. And here the Court cannot refrain from expressing their apprehension of what may probably be one consequence of an alteration of the existing system of our commerce with China. At present the Chinese Government receive regularly a large revenue from the Company's trade; and secured in the possession of this income, it is not very strict in enforcing its own laws against the trade in opium, which is so important to the Indian revenues. But if the general trade with China, instead of being under the management of one body answerable for, and controlling the whole, were transferred to the hands of private individuals, each pursuing his course according to his view of his particular interests at the time, there cannot be much doubt that the high notions of the free traders to which you have alluded, so utterly at variance with the jealous policy of the Chinese Government, would not long be confined within the bounds which that policy has prescribed. Hence a danger, by no means improbable, that the *whole* of the British trade would gradually become a smuggled one; and that, in such an event, the Government of that country, finding their revenue from the trade no longer secure, might put an end to it altogether.

Supposing an increased export to China of the manufactures or products either of England or of India, you contemplate the increase with peculiar satisfaction; because, as China makes her return in an article which is produced no where else, the enlargement of such a trade will not be at the expense of the other customers of Great Britain. From which we infer, that, you are of opinion that the people of Great Britain, or her customers in other countries, will not only consume more tea, but will expend more money in the purchase of that article, when the trade is open, than they now do; and that such increase of expenditure will provide the means of paying for the augmented quantities of goods which it is assumed will be sent to China. Before this result can be brought about (it being always, we presume, supposed that

one benefit expected from the discontinuance of the Company's privilege is, that tea will be cheapened to the consumer), there must be a vast increase in the quantity of tea brought to market, as well as in the demand for it; and the Court cannot but think that deterioration of quality would inevitably follow.

You rely upon the effect of rivalry among the dealers in tea to prevent this consequence; but in China the tea trade is confined to the Hong, to which, as stated in the Report from the Select Committee of the House of Commons of 1830, "the Company's influence has afforded a necessary and efficient counterpoise." There can, therefore, be little or no rivalry among the persons who supply the tea in China.

The Court submit it as their opinion, that the consumption of tea depends chiefly on the quality, and that the inspection which the article at present undergoes at Canton, and the control the Company possess in the market there, have the effect of maintaining the general quality of the tea investment. To this circumstance may fairly be ascribed, the extensive use of tea among the people of Great Britain, in comparison with those of any other country, not excepting even America.

In closing their remarks upon the subject of the trade in Tea, the Court trust that you will acquit the Secret Committee of any intention to obtrude unnecessary observations respecting the large revenue which that article affords to the public exchequer. Most entirely do the Court and their Committee feel with you, Sir, that this part of the question is matter rather for the consideration of the King's Ministers than of debate with the Company. Still, when you bear in mind, that the revenue of between three and four millions annually is regularly paid by the Court, and that the Company's system saves the expense of collection, you will admit, that it was only natural for the Committee to state prominently facts of such importance, and to which they were constant eye-witnesses.

Upon the proposed appointment of a Chief and Council at Canton the Court beg leave to observe, that though they must not be understood as asserting, that the broils and disputes in which British private-traders might become involved with the Chinese, would, in general, lead to the suspension of the whole trade, yet they are satisfied that no officer or officers whom the King's Government might appoint as the British representative, would have the influence which the Company's Select Committee possess with the Chinese authorities, in bringing such disputes to a favourable termination. The influence of the Select Committee is to be traced chiefly to the circumstance of their being the sole managers of an extensive and valuable trade, which they have it in their power to suspend at any time, when pressing considerations require such a course of proceeding; and there is also this advantage resulting from the Company's being required to retain on hand a large stock of tea, that a suspension of the trade for a whole season does not involve any want of the article at home. How little influence even a King's Ambassador would have, without such a character as that possessed by the Select Committee, may be seen in the failure of all former embassies to the Government of Peking. The Court are also inclined to think, that while no authority could be more determined than the Select Committee in resisting substantial injustice on the part of the Chinese authorities, they are much more capable, from their peculiar character, of settling disputes in an amicable manner than a King's officer, even though he were invested with power to suspend the trade; that while they, without loss of honour, could concede upon smaller points, the latter, being an immediate representative of the British Crown, would frequently have no course left but one which would necessarily terminate in hostile extremities.

In proceeding to the question affecting the property and claims of the Company as a commercial corporation, the Court think it necessary to remove the misapprehension under which you labour, in supposing that the suggestion which the Secret Committee of Correspondence have made on behalf of the Proprietors, could not be met without conceding *all* that the Company claim. What the Secret Committee suggested, *viz.* that the Proprietors should be considered entitled to such an amount of the property as, if invested in Consols, would be sufficient to produce the annuity of £630,000, might be accomplished by the outlay of eighteen millions sterling.

The statement which you have given of the property claimed by the Com-

pany shews the amount to be more than twenty-three millions; and even after deducting the unappropriated surplus profit, it would exceed twenty millions: this is exclusive of the property in India, the value of which was estimated by the Indian Minister in 1793, at £250,000 per annum, which, at twenty years' purchase, is equal to five millions; and although it is quite true, as you state, that the right to this property has remained in abeyance for seventy years, yet the Company's title to it, so far from having been questioned, has been distinctly recognized and expressly reserved in the several Acts of Parliament by which the term of the Company's privileges has been from time to time renewed. If, therefore, all that the Committee suggested were carried into effect, there would still remain a considerable amount of property to be made over (should it be so decided) to the territorial branch.

But you seem to think that the accuracy of the statements of the Company's property may be questioned; that, supposing their accuracy to be established, doubts may be entertained of the legal right of the commercial branch to some of the items; and that the whole of the Company's property, whatever be its amount, may be deemed subject to overwhelming liabilities.

Upon the first of these points, *viz.* the possible inaccuracy of the statements, the Court wish it to be distinctly understood, that they have no desire to avoid the most searching scrutiny into their accounts. It may, indeed, excite some surprise, that any such scrutiny should now be deemed necessary. During the last three years, Committees of Parliament have been diligently employed in investigating the Company's accounts; information of every kind required for their elucidation has been promptly supplied; evidence tending to impugn their accuracy has been freely received, and has given rise to evidence of an opposite character. A professional Accountant has been called upon by the Board to render assistance in this matter, and voluminous details have been furnished, sufficient for the completion of any investigation, however minute, which the most scrupulous objector could desire; besides all which, the amounts of two of the most material of the claims, those for the balance of war expenditure and with regard to the home bond-debt, were long since vouched for by the decision of a Committee of Parliament. Yet now, within six weeks of the time when His Majesty's Ministers have determined to bring the subject of the Company's affairs under the consideration of Parliament, and to propose a final dissolution of the connexion between the territory and the trade, you suggest that, previously to the Company's taking to themselves any part of the property claimed as their own, it will be necessary to apply a searching scrutiny to their accounts, unless they acquiesce in such a compromise as that which you have proposed:—and you ask, “What, in the mean time, will be the situation of the East-India Stockholders? from what funds are the dividends to be paid?”

We cannot permit ourselves for an instant to doubt, Sir, that it is your desire that nothing should be introduced into this discussion calculated to excite alarm in the breasts of the Proprietors whose interests are so deeply involved. Their dividends would be paid as at present, from the proceeds of the Company's sales, which must continue until 1836, owing to the operation of the Commutation Act; and by that time it might be hoped that the supposed scrutiny would have terminated. But, on the other hand, the Court may be allowed to enquire, what would the territorial branch do for funds? It can have no right to a farthing from the home treasury after April 1834, and therefore, as you justly apprehend, “a good deal of difficulty might occur in furnishing the funds necessary for the current home expenditure.”

The doubts which you suggest as to the legal rights of the Company to some of the commercial property, appear to refer principally to that portion which consists of profits of trade accumulated between 1794 and 1813; respecting which we must observe, that the commercial assets of the Company in 1794 (previously to which year the growth of the capital had been checked by urgent and heavy demands of the territorial branch) amounted to eleven millions, instead of eight millions as assumed by you; so that, adding the balance of war expenditure and the value of property in India, you will perceive that, even in 1794, and excluding all the accumulated profits in question, there was sufficient commercial property to purchase the proposed annuity in consols.

But further, whilst Parliament, since the acquisition of the Dewannee, has

restrained the amount of dividends, it has imposed no limit upon the growth of the trading capital; and so far from objecting to the Company's title to the whole of the trading stock as it stood at the commencement of the present term, made provision in the Act of 1813 against any diminution of its amount, through the continued connection with the territory, by requiring a reimbursement to the Company, *in full*, of all sums expended by them for political charges; and so binding is that enactment considered, that the Court, according to the advice of Counsel (of which you have been apprised), are at liberty, without any control on the part of the Board, to require the Indian Government to replace the portion of the Company's capital now due, as the balance of political expenditure in England. We must also remind you, that the ulterior appropriations to which the home profits might have been considered applicable under the Act of 1793, were cancelled and repealed by the Act of the 53d Geo. III. cap. 155, sect. 61; and that the 4th section of that Act expressly provided for the continuance by the Company, *after* 1834, of trade "with all, or any part of their joint stock, in trade, goods, merchandize, estates, and effects." Provision of that nature appears to have been made in successive enactments, since the 3d Geo. II. cap. 14, which in the most express terms recognises the right of the Company, collectively and individually, whenever their exclusive privilege shall cease, to any property and estates which they may possess *beyond the subscribed capital*.

You have raised a further question, "whether the whole of the Company's commercial property be not legally responsible for those debts and engagements which have been contracted, in the Company's name, for political and territorial purposes, and whether it will not continue so responsible, even although the Company should be wholly deprived of their political powers and functions."

The Court are entirely persuaded, that if you, Sir, and His Majesty's other Ministers, had more fully reflected upon all the bearings and circumstances of this case, you would at the least have paused, before you gave currency, with the sanction of such high authority, to the doubt propounded in the passage which we have now quoted, and would have seen that questions regarding the liabilities of the territorial and commercial branches respectively, when severed by such a scheme as that which is now proposed, must be solved upon principles of substantial justice, rather than by subtle refinements of law. We appeal to you, Sir, we appeal to the King's Ministers generally, whether it can consist with common justice, that the trading stock of a commercial corporation should be held liable for the political debts of the British Empire in India; which empire would, in the case assumed, be wrested from the Company by an act of power. We say "wrested," because that which you characterize as "a pure gift from the British Parliament," that Parliament has distinctly reserved as a question never yet decided.

The ground of the supposed liability is, that the territorial debt was contracted in the name of the Company. But, Sir, if there be any validity in that reasoning, what (the Court ask, and they do so with the utmost respect), what becomes of the territory itself, every inch of which has been acquired by, and is held in the name of the Company? What becomes, again, of the civil servants of India, who are all under covenants to the Company? Or what, lastly, becomes of the Indian army, every member of which is bound by allegiance to the Company? Is it not abundantly clear, that as the Company using but one name, have acted in a two-fold capacity, the mutual engagements and liabilities of the territorial and commercial branches must possess their separate and distinctive characters; and, therefore, that the territory and the territorial debt must go together?

The Court remark, that after raising the question regarding the liabilities of the commercial property to the debt of India, you suggest, that the territorial creditor has no direct lien upon India, notwithstanding that Parliament has provided that the interest of the debt shall be paid out of the territorial revenues, and that no portion of such interest shall be paid out of the commercial funds.

When we advert to those parts of the Act of 1813, which make the interest of the debt a territorial charge exclusively, and guard against any deterioration of the commercial property through the Company's connection with the

territory, we can scarcely conceive it possible that a moment's doubt should be entertained, that if Parliament did not technically, it did virtually, substantially, and in good faith, grant to the Indian creditor a lien upon the territorial revenues for his principal.

Whilst the Court, in vindication of the rights and interests of their constituents, have felt it necessary to make the foregoing observations, they request us to assure you, that, far from having any desire that the Company should pursue their claims "with unqualified rigour," they see no objection to a settlement upon the principle of fair and liberal compromise. That principle is, in fact, recognized by the Committee of Correspondence, in their Minute of the 2d of January.

By acceding to the compromise which the King's Ministers have proposed, the Company would surrender every right and all the property that they possess; but, on the other hand, what would the territory relinquish? Nothing; absolutely nothing. It would, indeed, lose, and the Court deeply regret that it should lose, the large advantages which it derives from the Company's trade; but, as the result of the compromise, the territory would evidently relinquish nothing, the charge of the annuity being, as you observe, counterbalanced by diminution of debt, through an application of the commercial assets. Not only would the territory be no loser by the arrangement, it would positively be a gainer to the extent of the surplus of the commercial property after providing the dividend.

To this you will probably object that we are thus assuming the territory to have no right to the commercial assets. We are so. We take that ground, and contend that it is perfectly substantial, and consistent with the Act of the 53d Geo. III. cap 155, which has subjected the territory to all its present charges (and they are not to be increased by the suggested arrangement), and has guarded against any encroachment by the territory on the commercial assets.

In proposing to the Company to accept as an equivalent for all their property and claims an annuity of £630,000, payable half-yearly, or in other words, a dividend at the present rate of 10½ per cent. secured upon India, the King's Ministers appear to have been guided by the appropriation clauses in the Acts of 1793 and 1813; and the Court admit that the intention of Parliament, probably in both of those enactments, but certainly in the latter, was to secure to the Proprietors always the dividend of 10½ per cent. and no more, until certain reductions should have been effected in the territorial debts. It is, however, equally clear, as indeed you seem to allow, that Parliament made that arrangement, because the Proprietors were entitled to commercial property fully sufficient to provide for such dividend. The King's Ministers now propose to grant the same annuity, but to secure it upon the Indian territory exclusively. The Court will candidly state their two principal objections to this proposal. They object to it, first, because the plan gives to the Board of Commissioners, who alone of the three authorities to be entrusted with the government of India will have no personal interest in its welfare, a sway almost absolute; so that, whatever the Proprietors and Directors shall think essential to the security of the dividend, may be opposed and overruled by the controlling Board: and, secondly, because in the event of the finances of India becoming embarrassed, either through the cessation of the Company's trade, through the occurrence of war, or from any other cause, it may not be possible for India to pay the dividend in addition to all other charges; and although you intend that the dividend shall have precedence of the territorial charges in England, yet the Court feel that it would not be possible, neither would it be proper for the Company, as rulers of India, to receive from the territorial revenues for their own use, any thing, until all current obligations had been met. What would be said, if India required stores to prosecute a war, and the Company refused to send them, because there were not the means to pay for the stores without trenching on the dividend? Even under the operation of the Act of 1813, the Company have not escaped from imputations (most unjust and unfounded, we admit) of receiving dividend to the inconvenience of the territory. We entreat, Sir, your attention, and that of your colleagues, to this fact, as strongly confirming the objection which the Court have expressed. You will find on reference to the Financial despatch to

Bengal, dated the 24th of September 1828, para. 259, that Lord Amherst, when Governor General, adopted as his own view, the statement of his Secretary, that the consignment of bullion to the Company, from India, in repayment of territorial expenditure at home, would raise the popular cry "that we had looked merely to commercial dividend."

The Court are, indeed, aware that, at present, priority is given to the dividend over political charges; but then the dividend is paid out of commercial funds, provision being made that in the event of a deficiency of means to meet political demands, Parliament shall supply it. You have not proposed a continuance of this provision: Nor do the Court ask it; although they feel with their Committee, that it would "not have been unreasonable to expect that some provision would be made by the country, to compensate the Company for the services which they have rendered, for the risks which they have run, and for the sacrifices which they are called upon to make." They are most sincerely desirous that the adjustment of the Company's affairs should be effected without subjecting Great Britain to the remotest pecuniary liability on account of India. But the Court trust that His Majesty's Ministers will see the propriety of more effectually guarding the interests of the Proprietors. At present, the property upon which the security for the dividend rests is principally embarked in a trade which centres in England, and some parts of it are actually invested in the public securities of this country; and now that the trade is to cease, the Court submit that, if the dividend is to be charged upon India, the least which the Proprietors are entitled to expect is, that some collateral security for the regular payment of the dividend, and ultimately, if necessary, the principal, in the shape of an effective sinking fund, based upon the investment in the national stocks of some portion of the commercial assets, should be established.

This proposal need not interfere with the wish which the King's Government has, to bind up the interests of the Proprietors with those of India. Nor is it opposed to, on the contrary, it is perfectly consistent with the principle of every parliamentary enactment which has contemplated the formation of a guarantee fund. Neither would it be calculated to act prejudicially upon the finances of India, as upon the fund being equal to meet the demand of the Proprietors in full, the interest on the accumulated amount would belong to the territory. If, as we can scarcely permit ourselves to doubt, you should be pleased to entertain this suggestion, there will not, we think, be any difficulty in adopting it upon a satisfactory basis. But the Court are decidedly of opinion, that without some arrangement of the sort, justice will not be done to the rights and interests of the Proprietors.

The Court would further submit, whether at the expiration of the term of the annuity (which we are glad to find is not to be a short one), the Proprietors should not receive as much principal as is now to be applied out of their property to the discharge of territorial debt.

In considering these suggestions, dictated by an earnest desire to meet, as far as possible, the views of His Majesty's Ministers, we entreat, Sir, that it may be recollected, that the Proprietors are asked to surrender not only all their property and claims, but also their right to trade in perpetuity. You say, indeed, that the latter condition is not required, and that the right to trade is to remain only in abeyance; but as the proposals involve the transfer to the territory of all the Company's trading capital, the arrangement must be regarded as virtually including a surrender of the right to trade; a right with which it must be remembered that the Company were originally invested for the attainment of an important national object, to which neither individual enterprise nor means were adequate, and which it is acknowledged has produced the most important and beneficial results to India and to England.

Before we conclude this letter, we deem it important to call your attention to two points: First, the period to be allowed to the Company for winding up their commercial concerns. We presume that that will be the period fixed for the commencement of the open trade. It would, we think, be only deluding the public and injuring the Company, or rather the Indian territory, supposing the proposed arrangement to be carried into effect, to sanction a free trade with China previously to the disposal of the large stock of teas retained by the Company in obedience to the law, and this will not be effect-

until June, 1836. And secondly, the necessity of making provision, out of the Company's property, for outstanding commercial obligations, and for suitable pensions to the servants of the Company, whose interests may be affected by the change of system.

We have only to add, that nothing which we have said now, or upon any former occasion, is to be considered in the least degree as committing the Proprietors, to whom the proposals of the King's Ministers, when finally matured, and we trust, for the sake of all parties, considerably modified, will be submitted.

You may be assured, Sir, that no delay which the Court can avoid, shall occur in their taking the sense of their Constituents. You must be aware, however, that some time must necessarily be occupied in doing so; and we are persuaded that, in stating that if no decision of the Proprietors should be communicated to you by the 23d of March, you would feel yourself compelled to consider it as a declining of the proposal, it could not have been your wish or intention to force on a premature decision on questions of such grave and vital importance to the East-India Company.

We have the honour to be, Sir,

Your most obedient humble servants,

(Signed) J. G. RAVENSHAW.
C. MARJORIBANKS.

The Right Honourable Charles Grant, M.P.

&c. &c. &c.

At a SECRET COURT OF DIRECTORS, held on Friday, the 15th March 1833.

The Chairman laid before the Court a letter from the Right Honourable Charles Grant, dated at the India Board, the 14th instant, and received this day, acknowledging the letter from the Chairman and Deputy Chairman of the 27th ultimo, which conveyed the sentiments of the Court on the Paper of Hints respecting the Company's Charter, transmitted by Mr. Grant to the Chairman on the 17th December last, and on the statements and arguments contained in Mr. Grant's letter of the 12th ultimo, and explaining the views and intentions of His Majesty's Ministers upon the points in which the Court conceive the plan to be seriously, if not conclusively, objectionable; reserving for future discussion many of the topics touched upon by the Court, and which do not involve the Court's approbation or rejection of the plan.

The said letter was read.

And after a discussion of some length,

The further consideration thereof was adjourned until to-morrow.

*to the Right Honourable CHARLES GRANT to the CHAIRMAN
and DEPUTY CHAIRMAN. (Secret.)*

GENTLEMEN:

India Board, 14th March 1833.

I have the honour to acknowledge the receipt of your letter of the 27th ultimo, expressing in detail your sentiments on the Paper of Hints transmitted by me to the Chairman on the 17th of last December, and on the statements and arguments contained in my letter to you of the 12th ultimo; and in the promptitude of this communication I recognize, with pleasure, a proof of your determination to conduct the present discussion with all the celerity which may consist with the serious and vital importance of the questions to which it relates.

Having attentively perused the observations which you have offered, and in connection with them, having carefully reconsidered the subject at large, I should have been happy to reply to your letter with the fulness and minuteness to which it is entitled, and in the course of that reply to enter into such defence, explanation, or qualification of the opinions before stated by me, as might be most agreeable to truth and justice. But I am, on mature reflection, satisfied that I shall best consult both your wishes and the public interests, by confining my present communication to those essential points on which, as I understand you to intimate, your acquiescence in the plan of compromise ten-

dered to you by His Majesty's Government, and your recommendation of that plan to your Constituents, are suspended.

Your letter, naturally following mine into a considerable extent of remark and disquisition, touches on many topics which, whatever their intrinsic importance, or even their relevancy to the general subject of the connexion between this country and India, are comparatively immaterial in the particular stage which the present discussion has attained. They do not involve your approbation or rejection of the plan proposed by His Majesty's Ministers. Such topics, therefore, I shall, on this occasion, altogether avoid, not only from the necessity of economizing time, but from the obvious expediency of narrowing the field of debate to the matters really at issue.

In taking this course, I need scarcely request that I may not be misunderstood, as meaning to treat with disrespect those of your statements and reasonings which I leave unnoticed; and, on the other hand, I must be allowed distinctly to ask, that my silence regarding such statements and reasonings may not be construed into an admission of their correctness.

The discussion now opened must for some time, and in various shapes, occupy the attention of His Majesty's Ministers, of the Company, and of the Nation. The progress of it is therefore likely to afford an abundance of opportunities, far more convenient than the present, of elucidating, in all its branches and bearings, the plan under review, and of examining the various opinions respecting it which may have been expressed by any of the parties concerned.

I will therefore proceed at once to state, in concise terms, the points in which, as I collect from your letter, the Court of Directors conceive the plan to be seriously, if not conclusively objectionable; and on each of these I shall, with the same brevity, and with as little of comment as possible, explain the views and intentions of His Majesty's Ministers.

First. The Court apprehend that the effect, though not the design, of the plan will be, "that the Company, instead of forming, as they now do, an integral, independent, and important part of the machinery by which the Government of India is conducted, will be reduced to a state of weakness and dependence, incompatible with the right performance of the duty assigned to them.

"Divested of their commerce, from which the Company derive so large a portion of their influence and character in England as a body independent of the Government of this country, the Court greatly fear lest they should become merely an instrument for giving effect to the views of the Indian Minister."

It is afterwards stated, that the plan may be expected, though not so intended, "to convert the Court into a Government Board."

To these, and other general allegations of the same kind, I will here return this general answer, that it is the intention of His Majesty's Ministers that the Court and the Board shall, in all material points, retain the same comparative powers, and occupy the same relative position as at the present moment; and the Ministers believe that, notwithstanding the loss of that commerce, and the consequent extinction of that commercial influence which the Company have hitherto possessed, that body will, on the whole, preserve, without sensible diminution, and in some respects with increased effect, its present importance and independence, as a part of the machinery employed in the administration of the government of India.

Of course it cannot be meant or anticipated, that the Court shall be reduced to the situation of a Government Board. No such intention can fairly be inferred, nor can any such consequence follow from that disjunction of commercial and political functions, which, after the most careful advertence to the experience of the past, His Majesty's Ministers deem essential to the good government of our Indian empire.

Secondly. The Court complain, that according to the Government plan, the Board is to be authorized to send despatches to India directly, and without admitting of any appeal; and they recommend the allowance of an appeal on the merits of important cases arising out of the government of India, on which the Board and the Court may differ; or, at the least, some provision for a communication of such disputed cases to Parliament.

In answer, I request the attention of the Court to the following explanatory remarks and statements :—

1st. The right of appeal by petition to the King in Council, which the Court now possess under the act of the 33d Geo. III. cap. 52, section 16, is applicable only to cases in which a question arises, whether a despatch sent by the Board to the Court for transmission to India relates to matters of commerce, on the one hand, or to those of government or revenue, on the other. When the Company's commerce has ceased, no such question can arise, and the right of appeal expires as a matter of course.

2dly. Cases may occur, in which the Court dispute the lawfulness of an order or instruction proposed by the Board to be transmitted to India, and for these some provision must be made; but whether by referring them to any of the established tribunals of the country, or to some judicature specially appointed, or in what other precise mode, will be matter of future discussion. His Majesty's Ministers see no reason to doubt that a mode satisfactory to both parties may, without much difficulty, be found, by which, on the Court's presenting a remonstrance against the legality of an order or instruction, the question may be brought to a final decision: the time to be limited, within which such remonstrance must be preferred.

3dly. If the time so allowed be exhausted without any remonstrance, or if the matter drop by default of the Court, or be decided against the Court, the Court shall send out the despatch to India within a further limited space of time.

4thly. The despatches hereafter transmitted by the Court to India shall not be signed by the Directors, or any of them; but such despatches shall, as now, be drawn up in the name of the Court, and an officer of the Court shall be empowered to send them out, signed by him, in the name and by the order of the Court, first affixing to them the Company's seal.

5thly. In the event of the Court neglecting or refusing to transmit to India, within a limited time, any despatch sent to them by the Board for such transmission, which by law they ought so to transmit, the Board may direct the proper officer of the Court forthwith to transmit such despatch, with the same formalities as if it had been delivered to him for that purpose by order of the Court; and such officer shall, on pain of forfeiture of his situation, be bound to obey the direction.

6thly. His Majesty's Ministers are clearly of opinion, that in cases of difference between the Court and the Board, no appeal to any third party on the merits can be allowed, nor can any new or express provision be made for the communication of such cases to Parliament. Even under the present system, however, matters in dispute between the two authorities in question may, in many ways, be brought under the notice of Parliament, and this species of reference will be equally practicable under the new arrangement.

Thirdly. The Court object to that part of the Government plan which provides, as stated in the Paper of Hints, that the Board shall have the same power with regard to pensions or salaries below £200 a year, and to gratuities below £600, as they now have with regard to pensions, salaries, and gratuities above these amounts; and farther, that the home expenditure and establishments shall be under the control of the Board.

The Court consider the independent power which they now possess of rewarding services and conferring pecuniary benefits, to be of essential importance to the efficient exercise of their functions. They complain, also, that the Board should have power of control over the very officers and servants whom they employ.

On this part of the subject I can truly say, that nothing is more foreign from the wish of His Majesty's Ministers, than that the Court should unnecessarily be deprived of any of the means or opportunities which, under the present system, they enjoy, of remunerating service, or of conferring marks of grace or munificence. But the Board cannot forget, that the functions of control and inspection with which they themselves are invested have a special reference to the territorial revenues of India, and that, under the new order of things, those

revenues will constitute the only fund on which pension, salary, or gratuity can be charged.

The Board do not therefore conceive that it will be possible to leave to the Court that discretional application of the revenues, for the purpose of conferring rewards or favours, which the Court are desirous of possessing; nor, on the other hand, can the Board admit that the exercise of the control, which would constitutionally belong to themselves, over the application of any part of the revenues to the purposes in question, as well as over any other application of them, could possibly operate to the diminution or disparagement of the just dignity of the Company.

The expenditure connected with the home establishment partly falls within the scope of the same observations, but partly also rests on different grounds. Here also the territory is the source of supply; but the object of the expenditure is of prime necessity, and at the same time of limited and ascertainable extent; and the general purposes of control can be answered without a minute inspection of items.

The Ministers are not aware of any objection to the introduction of a legislative provision, by which a specified sum, to be agreed on from time to time between the Court and the Board, should be placed in the hands of the Court, to be applied in defraying the charges of the home establishment, care being taken that the disposal of such sum should be accounted for to the Board, but the Board not being invested with any power of interference in the details of such disposal, nor having any voice, collectively or individually, in determining what persons shall be employed as officers or servants in the home establishment, or according to what rule or scale they shall be promoted or remunerated.

The fourth objection offered by the Court, and the last which I feel it necessary to notice, relates to that fundamental part of the Government plan which proposes to secure the annuity to be in future received by the Proprietors of India Stock in the Indian territory exclusively.

On this very important subject I should fear to do injury to your remarks and suggestions by attempting to abridge them; and, on the other hand, an exact transcript would swell this address to an inconvenient length. I will therefore content myself with referring to your letter thus generally, and will proceed to request your attention to the following observations.

1st. His Majesty's Ministers are distinctly of opinion, that under the operation of the plan, no moral or honorary obligation will attach on the Company, to postpone their receipt of their dividends to the satisfaction of all other current demands of the territory; but, on the contrary, that those dividends will be payable, and ought always to be paid, as the interest of the territorial creditors has hitherto been paid, on the day on which they fall due, and that the estimates and arrangements necessary to obviate all risk of a failure in the punctual discharge of them, ought to be considered as a matter of paramount importance in the management of the Indian finances.

Let it be recollected, that the Proprietors, when transferred to India, will stand precisely in the position of the territorial creditors, and ought, in all respects, to enjoy the same rights. Farther, it is a matter of the utmost concern, even to the territory itself, that the dividends of the Proprietors should be punctually realized. No room exists, therefore, for subjecting the proprietors to the supposed obligation for which the Court contend. In order, however, to obviate any embarrassment on the subject, His Majesty's Ministers think that it will be proper, and would not be difficult, to provide, by express enactment, against the inconvenience which the Court apprehend.

2dly. The Government are most anxious to meet, so far as they are able, the wish expressed by the Court, that the interest of the Proprietors should be fortified by some collateral security in the shape of a sinking fund, formed by the investment of a portion of the commercial assets in the national stocks of this country. Their power, however, of acceding to this wish is necessarily limited, by the obligation under which they feel themselves to be placed, of maintaining the general principles of the proposed arrangement.

If, by investment in the national stocks, a large fund were provided, under the condition of immediately indemnifying the Proprietors for any failure in the current payment of their dividends, it must be obvious that one great principle of the arrangement, that is, the principle of identifying the interests of the Proprietors, as such, with those of the Indian territory, would in a great measure be sacrificed. On the other hand, it seems to the Government that security may, in a certain form, be afforded to the Proprietors against eventual loss, without any material prejudice to the principle in question, and even with some advantage to the practical operation of the plan in other respects.

With this view, the Government propose:

That there shall be taken out of the commercial assets of the Company the sum of £1,200,000 sterling, which shall be invested in the national stocks or other public securities of this country, and shall, with its accumulated interest, form a fund, as a guarantee or collateral security for the capital stock of the Company, and applicable to its future redemption.

That this sum shall not, nor shall any part of it, nor of the dividends arising from it, be applied to any other purpose than the formation of such guarantee fund for the object just mentioned; but that it shall be suffered to accumulate until it shall be applied, as hereinafter mentioned, towards the redemption of the annuity of £630,000, or until it shall, together with its accumulations, amount to the sum of twelve millions; after which, no further accumulation shall take place, but all the subsequent interest or dividends shall be applied, at the option of the Directors and the Board, either towards the discharge of the principal of the general territorial debt of India, or in some other manner for the benefit of the territory.

That at the time which shall have been fixed by Parliament as the period when the annuity of £630,000 payable out of the territory to the Proprietors shall become redeemable, the whole of the guarantee fund, as it then subsists, and whether it shall then be of the amount of twelve millions or of any lower amount, shall be applied in or towards the redemption of that annuity, on the terms which shall have been prescribed by Parliament.

In carrying into effect this scheme, it may be convenient to the Company to avail themselves of the debt owing to them from the Public of £1,207,559. 15s. which, under the act of the 33 Geo. III, cap. 47, section 7, they are entitled to receive on the determination of their exclusive privileges. The Government are ready to repay that debt on the part of the Public: or should the Company prefer it, to retain the sum of £1,200,000 in their hands as a loan paying such interest for it as may hereafter be agreed upon. In the former case, the sum would merge into the general mass of the commercial assets of the Company, and would of course fall under the general operation of the proposed arrangement; in the latter, it would form the nucleus of the guarantee fund, the accruing interest being invested for the purpose of accumulation."

I should hope that the scheme, of which I have thus given the outline, will remove any degree of difficulty which the Court might otherwise feel in approving of the proposition of the Government. With the sincerest anxiety to satisfy every reasonable wish on the part of the Proprietors, His Majesty's Ministers are of opinion that they would not be justified in proposing further concessions. They rest, at the same time, in the persuasion that, in modifying, so far as they have now done, their plan as originally proposed, they do not deviate from its essential principles.

The dividend intended for the Proprietors remains unaltered: it is that amount of dividend which they now receive under the Charter Act. A guarantee is, indeed, given to the Proprietors for the ultimate security of their capital; but while this is calculated to increase their confidence in the general operation of the plan, it is, on the other hand, made their interest and their duty, in the meantime, to co-operate with the Court and the Government in promoting the resources and economizing the expenditure of India. Farther, the effect of the scheme is to collect in the hands of the State a fund which may, at the proper conjuncture, be applied towards the redemption of the annuity of the proprietors, sharing *pro tanto* the necessity of any particular effort for that purpose. At the same time, India loses no part of the prin-

capital sum thus abstracted for a season from the fund destined to the use of the territory. She loses, indeed, the difference produced, in point of interest, by investing the sum in England; but this is the price paid for the benefits which, if the anticipations of Ministers be just, she will derive from the plan in other respects.

I must add in this place, that it is impossible that the Court or the Company should entertain a deeper conviction of the importance of economy in the administration of our Indian empire, than that with which His Majesty's Ministers, and particularly the Members of the India Board, are impressed. Even the distrust so strongly expressed by the Court of the future competence of the Indian revenue to sustain by its unaided force the burdens to be imposed on it, cannot increase the anxiety which the Government before felt, to take all possible means of obviating just apprehension on this subject.

Undoubtedly, the hope of a diminished expenditure is mainly founded on the necessity for it, that it will be felt to exist under a system which precludes all extraneous sources of income. But this foundation, however good, will not of itself suffice. Much care will be requisite in providing, and much firmness as well as diligence in carrying into effect, auxiliary arrangements directed to the same end. I do not now enter into the details of such arrangements, as this would lead me into an extended variety of observation foreign to the purpose of the present address; but I deemed it my duty not to lose the opportunity of manifesting the general sentiments of His Majesty's Government in relation to the immediate subjects of your solicitude.

Before I conclude, I feel myself called upon to advert to two other topics, though they belong in strictness to matters of detail.

To one of these you have very properly called my attention. I mean, "the necessity of making provision out of the Company's property for outstanding commercial obligations, and for suitable pensions to the servants of the Company whose interests may be affected by the change of system."

On this point I wish to observe, that the assignment of the Company's commercial property must necessarily involve also a transfer to the Government of all the obligations, whether of a legal kind or binding on the ground of equity and liberality, which may attach to that property; and to the claims of both descriptions the Government are prepared to give every fair and proper degree of consideration. But as the recognition of such claims forms no part of the present negotiation, you will, I trust, be satisfied with this general assurance.

The other point on which I must touch relates to the mode of appointing and educating the youths destined for the Civil Service of India.

On a full consideration of the provisions for this purpose contained in the Paper of Hints, the Government feel a strong doubt whether the principle on which that provision proceeds ought not to be carried to a greater extent. I make this reservation for the sake of caution; but it was, I conceive, fully understood, that all such provisions in the Paper of Hints as have not been brought into view by the Secret Committee or the Court of Directors during the present correspondence, should remain perfectly open for consideration, until those articles which are to constitute the basis of the arrangement between the Government and the Company should have been definitely determined.

In respect of those fundamental points, the views of His Majesty's Government are now fully before you. Alterations of detail may undoubtedly be suggested and discussed hereafter; but I must frankly state, that His Majesty's Ministers feel it their duty to call for a decision on the arrangement as it now stands, and that it will not be in their power to entertain the proposal of any additions or modifications, in the character of conditions precedent to the adoption of the plan on the part of the Company.

I have only further to add my request, that the subject may, at your earliest convenience, be submitted to the Court of Proprietors, together with the correspondence relating to it.

You do me no more than justice, in acquitting me of any wish or intention to force on a premature decision on questions so important to the East-India

Company. In proof of the absence of any such inclination I beg to mention, that I have no desire to adhere to the period specified in my last letter as the limit of deliberation on the subject. It is still, however, my anxious wish to bring the matter before Parliament at the earliest possible period; and I continue to rely with confidence on your assurance, that no unnecessary or avoidable delay shall take place in the course of your further proceedings.

I have the honour to be, Gentlemen,

Your most obedient, humble servant,

(Signed)

CHAS. GRANT.

The Chairman and Deputy Chairman
of the Court of Directors.

At a SECRET COURT of DIRECTORS, held on Saturday, the 16th March 1833.

The Court, resuming the consideration of the letter from the Right Honourable Charles Grant, dated the 14th instant, in reply to the letter from the Chairman and Deputy Chairman of the 27th ultimo.

It was,

Ordered, that the said letter be referred to the consideration of a Committee of the Whole Court.

Whereupon the Court resolved itself into a Committee of the Whole Court accordingly.

At a SECRET COMMITTEE of the WHOLE COURT, held on Saturday, the 16th March 1833.

The Committee, pursuant to the Court's reference of this day, proceeding to the consideration of a letter from the Right Honourable Charles Grant, dated at the India Board, the 14th instant, explaining, in reference to the Letter from the Chairman and Deputy Chairman of the 27th ultimo, the views and intentions of His Majesty's Ministers upon the points in which the Court conceive the propositions submitted by Ministers, respecting the Company's Charter, to be seriously if not conclusively objectionable.

The Chairman laid before the Committee the draft of a proposed letter to Mr. Grant in reply to his communication abovementioned.

And the Committee having deliberated thereon, adjourned to Monday the 18th instant.

At a SECRET COMMITTEE of the WHOLE COURT, held on Monday, the 18th March 1833.

The Committee resumed the consideration of the draft of a proposed letter to the Right Honourable Charles Grant, which was read in the Committee on the 16th instant, in reply to his letter of the 14th instant, in which he explains the views and intentions of His Majesty's Minister's upon the points in which the Court conceive the propositions submitted by His Majesty's Ministers, respecting the Company's Charter, to be seriously, if not conclusively objectionable. :—

The said draft of a letter was again read.

And some amendments having been agreed to therein :

It was further proposed to amend that paragraph which relates to the guarantee fund, by leaving out the words "there should be added to the £1,200,000 the stock now standing in the Company's name, amounting to £891,000 three per cent. stock :—" and by substituting the following, viz.

"It should amount to the sum of £3,000,000."

And the question, "that the words proposed to be left out stand part of the letter," being put by the ballot :

It passed in the affirmative.

The said letter, as amended, was then approved.

At a SECRET COURT of DIRECTORS, held on Monday, the 18th March 1833.

Draft of a letter which had this day been agreed to by a Committee of the whole Court, to the Right Honourable Charles Grant, in reply to his letter of the 14th instant, was read and approved.

LETTER to the Right Honourable CHARLES GRANT from the CHAIRMAN and DEPUTY CHAIRMAN.

SIR :

East-India House, 18th March 1833.

We have had the honour to receive, and to lay before the Court of Directors your letter dated the 14th instant.

The Court had hoped to be enabled to lay before the General Court, which is appointed to be held on Wednesday next, all the correspondence upon the subject of the Company's charter. But as they are still without information upon some points respecting which the Proprietors must be specifically informed before they can pass any decision upon the principles of the proposed arrangement; and as there are other points arising out of your communication which seem to require observation on the part of the Company, it becomes the duty of the Court to submit a further representation to the King's Ministers previously to laying the papers before the Proprietors.

In doing this, it will be quite unnecessary for the Court to say any thing in support of the opinions upon the general question which were expressed in our last letter, as you have deemed it expedient to waive all reply to the arguments which were then adduced. The Court will therefore confine themselves to the points to which you refer as really at issue, and to those upon which further information seems requisite.

First, with respect to the immediate interests of the Proprietors.—The Court must keep prominently in view what it is that the Company are called upon to surrender, and what they are to receive as an equivalent. They are asked to surrender every thing which they possess as a Corporation; their capital, computed at more than twenty-one millions sterling, every item of which is commercial in its origin, and in the character which it now bears;—their right to trade, most valuable when considered in connection with that capital, and with the position and influence which the Company have established here and abroad; and which right, if they chose to exercise it, must greatly interfere with, if not altogether, prevent the advantages which private merchants expect to reap from a free trade with China;—their pecuniary claims, some sanctioned by a Committee of Parliament, both in principal and amount, and all recognized either by Parliament or in Parliament by ministerial statements;—their lands, forts, and factories in India, for which they have as good a title as that by which any private property is held;—and, finally, their claims in respect of the territory at large, which up to the present time Parliament has always reserved.

The right of the Company to retain the whole of this property, including an equivalent for their claims has been questioned; and although the Court are satisfied of the soundness of the Company's title to all that property, and of the validity of these claims, yet they cannot be insensible to the difficulties which might be opposed to their readily realizing and possessing themselves of the one, and obtaining a liberal adjustment of the other, if the King's Government were adverse to the Company. This consideration, pressed in your former letter with such force, as to leave no doubt that an adverse disposition would arise towards the Company if they were to stand "on the ground of strict right," together with the fear of injury to India from the transfer of the Government to other hands, has induced the Court to entertain the question of compromise upon the terms offered, *viz.* a surrender of the property and claims for an annuity of £630,000. The adequacy of the security for this annuity is one of the points at issue; and whilst the Court have no desire to disparage the financial capabilities of India, they cannot shut their eyes to the fact, that the official prospective estimates, as well those framed by the authority of the Board, as of the Court, all shew a deficit after 1834. With such a prospect, and considering that the Proprietors had hitherto depended on the security of a property and trade which centred in England, the Court felt it necessary to require that some collateral security should be provided both for the dividend and for the capital; never intending by that proposal to intimate that they despaired of removing the territorial deficit; which on the contrary they shall be rejoiced to be enabled to do by co-operating with you in such measures as shall appear calculated to accomplish that object without endangering our tenure of India.

We observe with satisfaction, that the King's Ministers have met the Court's suggestion so far as to propose that the balance of that portion of the original subscriptions of the Proprietors, which was lent to Government, and which Government must repay before the Company's exclusive privilege can cease, amounting to £1,200,000, which shall be set apart to accumulate at compound interest, until it amount to twelve millions, and to form a guarantee fund to that extent for the capital, but for the capital only.

The sole effect of that arrangement would be, that if at the end of sixty or seventy years, the Indian territory should be unable to redeem the capital, it might be paid to the extent of twelve millions out of this fund; but in the mean time, should the territorial revenue prove deficient in any one year in the remittances requisite to meet the dividend, how is delay in the payment of it to be avoided, unless there be some collateral security?

We confidently submit to you, that the guarantee fund should apply to the dividend as well as to the capital, and that there should be added to the £1,200,000, the Stock now standing in the Company's name, amounting to £891,000 Three per Cent. Stock; whilst there cannot, we think, be the least apprehension that this extension of the plan of a fund so limited in amount will lessen the desire of the Company to promote the financial prosperity of India, the fact of the Company's having that collateral security for the dividend will relieve the Court from the imputation to which they might otherwise be liable of using their political favour as Governors of India, for the purpose of extracting dividends from that country at all hazards. We do not of course mean that any sum which the fund may be required to pay for dividend should be permanently alienated. Our object is to secure the Proprietors against the consequences of a temporary emergency in India. Should such consequences arise, India would be called upon, when the emergency had ceased, to make good the payments in which she might have proved deficient.

The Court further request, that you will have the goodness to apprise them of the term of years during which it is intended that the dividend shall be irredeemable. They presume that the Government of India will continue with the Company for the same term, otherwise, the essence of the whole plan, that which you designate "a vital condition of the arrangement," the linking and binding up of the interests of the Proprietors with "the country which they are to assist in governing," will be lost.

We fear, from your saying nothing in reply to our suggestion as to the rate at which the Capital is to be redeemable, that we must conclude that the Ministers are not disposed to fix a higher rate than £100 for every £5. 5s. of annuity as specified in the Paper of Hints, but we rely upon the assurance given to us in your Letter of the 19th ultimo, that the term of the Annuity will be of considerable length.

It remains for us upon this part of the subject only to express the thanks of the Court for the intention you have manifested of providing by a legislative enactment for the payment of the Dividend with the same punctuality as is observed towards the Territorial bond-holders, an arrangement, which, combined with the Security of the Guarantee Fund when made applicable to the Dividend, cannot fail of being satisfactory to the General Court.

When furnished with specific information upon the points to which we have adverted, the Proprietors will probably be enabled to decide whether or not they will agree to the general principle of the proposed compromise. We are at the same time persuaded, that whatever may be their decision in that respect, the Proprietors looking, as they have always done, with the most anxious regard to the welfare of our Native subjects, will take a lively interest in that part of the plan which relates to the future administration of the Government of India, in which the Court now act as an intermediate body unconnected with the King's Ministers. If this independence should cease, the charm of the system by which the affairs of India have been hitherto administered would vanish, and the best, perhaps the only security for its continuance when the new Plan shall have come into operation, will be in affording the Court the opportunity of giving publicity to their views in important cases of difference from the Board. Under this impression the Court

suggested an appeal upon such cases, and the communication of them to Parliament. You state that the King's Ministers are disposed to allow of an Appeal to some Tribunal upon questions in which the Court may dispute the *legality* of the Board's Act. The Court apprehend that such cases are not very likely to arise, nor does it readily occur to them that any other tribunal can be required to decide matters of mere legality than the ordinary Courts of Law. The Appeal desired was upon the merits of cases, not indeed generally, but those of a special nature, for it never entered into the contemplation of the Court that there should be a system of Appeal resorted to upon every difference of opinion. They conceived that if the proposal were entertained, there would be little difficulty in limiting the right of appeal to cases in which long experience has proved it to be desirable; so that if any Indian Minister should take upon himself acts which appeared to the Court to be unconstitutional, to militate against the principles of good government, to interfere with substantial justice to our allies, or what will be of great importance under the new system, to invalidate or impair the security of the Proprietors, there should be some appeal against such exercise of authority, or at the least some means of enforcing the personal responsibility of the act: which, as the Court think, would be best accomplished by requiring the communication of it to Parliament.

The Court much regret that Ministers should decline to acquiesce in the latter proposal; and although, as you say, "matters in dispute between the two authorities may in many ways be brought under the notice of Parliament," yet you must allow us to remind you, that independently of the reluctance which the Court must always feel to push themselves before the Legislature in the character of disputants, there is great practical difficulty in bringing to the notice of Parliament important cases connected with the Government of India. Papers may, indeed, be moved for; but unless the Ministers concur in the motion, it must generally happen, as it has happened, that the papers are refused.

We must repeat the conviction of the Court, that publicity as a rule and not as an exception, is the most effectual method that can be devised for maintaining a wholesome check upon the exercise of power by the Board.

Such is the nature of the check (and we believe it to have been most salutary) under which the Court have exercised the power, without reference to the Board, of making pecuniary grants of limited amount; the particulars of which are systematically reported to Parliament.

The Court are concerned to perceive that Ministers refuse to sanction a continuance of that power, and upon a ground which is unintelligible to the Court, *viz.* "that under the new order of things, the territorial revenues will constitute the only fund on which pension, salary, or gratuity, can be charged." Is not that the case now, as respects every territorial pension, salary, or gratuity? And if so, where is the necessity for change, or where its propriety? If, as the Court cannot doubt, it be indeed the wish of the King's Ministers that the Company should not "be deprived of any of the means or opportunities which, under the present system, they enjoy of remunerating service, or of conferring marks of grace or munificence."

If the Court had abused the power in question, there would be good reason for removing or further restricting it. They appeal to you, whether any such abuse has existed, and if, as we are persuaded will be the case, you admit that there has not, we rely with confidence upon your determining that the power ought still to remain.

The Court are satisfied with that part of the arrangement which relates to the home establishment; understanding that the amount which may be fixed upon as the maximum of its expense is not to be varied by the Board, at their pleasure, but only in the event of an alteration in the extent of the establishment, or in circumstances affecting the scale of remuneration generally.

We need scarcely say, that it will always be the anxious desire of the Court, to keep that establishment within such bounds as may be consistent with efficiency, and with what is due to those who devote themselves, as the Company's servants always have done, exclusively to the discharge of their public duties.

We give full credit to you and to the rest of His Majesty's Ministers for the intentions which you express, "that the Court and the Board shall in all material points retain the same comparative powers, and occupy the same relative position, as at the present moment."—But we own that it is difficult for us to reconcile this announcement either with those parts of the plan to which we have already adverted, or with the intention expressed in the Paper of Hints to control the independent power of the Court to recall Governors General, Governors, and Commanders in Chief; which power it may be more important than ever for them to possess, when the Dividend becomes dependent on the territorial revenues.

There is another point upon which the Court feel great anxiety. We refer to the proposal that all the property shall be transferred—to whom? Not to the Board—not to the Company in their new, or rather restricted character,—but to the Crown, for the benefit of the Indian territory; so that, whilst the Court are to be the agent in administering the territorial government under the control of the Board, the funds applicable to the Territory are to be in the custody of the King's Ministers.

It would be very satisfactory to the Court to receive from you an assurance that the proposed transfer of the property to the Crown is only the technical mode of accomplishing the arrangement; and that, practically, the Company, as the Administrators of the territorial government, are to continue to hold all the Territorial funds in England, subject to the control of the Board, and with the understanding that all appropriations of the funds are to originate, as at present, exclusively with the Court.

You will have observed from our last letter the apprehension which the Court feel, that great difficulty may be experienced under the proposed plan, in effecting the Government remittances from India. The Court trust that ample power will be given to them to call home from time to time a sufficiency of funds. We conclude that it is not intended to allow the Company, even for the purposes of remittance, to bring home produce; a permission which we cannot but think it would be important to preserve, at least until experience shall have shewn that remittances to the extent required can be safely and more beneficially effected in some other mode.

It would appear to be in your contemplation, that the Ministers should to some extent be invested with the power of appropriating the commercial property, for you state that the outstanding commercial obligations and the claims of the Company's commercial servants are to be made over with the property to the Crown, to be dealt with as the Ministers may think fit. The Court apprehend that upon no principle of law or equity could claims and obligations unconnected with the territorial government, and arising solely out of contracts and engagements which the Company have entered into as a commercial corporation acting under a perpetual charter, be transferred from the Company to any person or persons whatever. But be this as it may, the Court think it their duty to add, that they are convinced that the Proprietors would feel the utmost repugnance to any proposal for their abandoning the interests of men who have beneficially served the Company with zeal and fidelity, and transferring them to the care of others, who, having had no opportunity of witnessing, must be unable to appreciate their services. We cannot doubt that you will enable us to satisfy the Proprietors upon this point.

It may deserve consideration, with a view to relieve the Indian revenues from every avoidable charge, whether much expense in providing for servants might not be saved by continuing, at least for a time, the management by the Company of goods imported in the free trade, as the amount received for agency at present defrays the charge of a large portion of the commercial establishment, and it may also prove convenient to the merchants of London that that system should not be hastily abandoned. Such an arrangement as that here suggested would be attended with this great advantage, that it would continue employment not only to officers and clerks, but also to many of the labourers, all of whom must receive a certain amount of pay from the Company whether employed or not. The evil to individuals and to the community of suddenly throwing out of employ any considerable number of persons, is too obvious to need pointing out.

The Court fully understand that such provisions in the Paper of Hints as have not been brought into view during the present correspondence, as well as any which you may have mentioned, but to which we have not yet specifically adverted, are to remain open for future discussion. The Court have hitherto abstained from touching upon them, because they did not wish to embarrass the consideration of the main principles of a new arrangement by discussing points which, while they are comparatively of minor importance, may be considered as affecting in a great degree the personal feelings of the Court, rather than the interests of the Proprietors. Of that nature is the proposed alteration in the mode of appointing civil servants, respecting which, as you have again adverted to it, and expressed an intention of extending it, the Court will only say, that the scheme which shall most effectually provide the means of giving good servants to the Indian empire, is that which will, assuredly, meet the views of the Court, whatever its effect may be on their patronage.

We have the honour to be, Sir,
Your most obedient and faithful servants,
(Signed) J. G. RAVENSHAW.
C. MARJORIBANKS.

The Right Honourable Charles Grant,
&c. &c. &c.

At a SECRET COURT OF DIRECTORS, held on Friday, the 22d March 1833.

THE Chairman laid before the Court a letter received this day from the Right Honourable Charles Grant, dated at the India Board, the 21st instant, acknowledging the receipt of the letter from the Chairman and Deputy Chairman of the 18th instant, stating that as he has already expressed to the Court the sentiments of His Majesty's Ministers upon several of the topics therein adverted to, he does not think it requisite now to re-enter into them; and that if it be thought proper again to discuss them, a more fitting opportunity will occur in a future stage of the proceedings, when at the invitation of the Court he shall willingly engage in such discussion; declining, however, to re-open the consideration of the amount specified by Government for the guarantee fund, or of the purpose to which that fund is to be applicable; stating, with respect to the duration of the proposed annuity, which he considers to be a fair subject of negotiation with the Proprietors, that His Majesty's Ministers are ready to recommend it to Parliament, to declare that within the term of forty years the Annuity shall not be liable to a compulsory discharge; but that as regards the duration of the Company's political functions, His Majesty's Ministers are not under the same obligation of coming to an immediate resolution; adding, however, that if the present arrangement be adopted, he shall be happy to be favoured with the Court's views on the propriety of fixing any, and if any, what period to the political authority of the Company; pointing out in reference to the subject of appeals, the course which it is intended to pursue in cases in which pecuniary claims of an old date may be revived, and concerning which the Court and the Board may differ; expressing his sincere participation in the solicitude of the Court for the officers and servants of the Company, whose interests may be affected by the proposed change of system; and in conclusion requesting that the plan as it now stands may, at the Court's earliest convenience, be submitted to a General Court of Proprietors.

And the said letter having been read,

It was moved and on the question;

Resolved, That the letter addressed by the Right Hon. Charles Grant to J. G. Ravenshaw, Esq., dated the 16th instant, and which was read as part of the Chairman's speech in a Committee of the whole Court on that day, be now delivered in and added to the other documents relating to the present negotiation. Whereupon

The same was delivered in and read.

The Court then proceeding to take into consideration the letter from the Right Hon. Charles Grant of the 1st instant:

The Chairman submitted the draft of a proposed letter to Mr. Grant, in-

forming him that, agreeably to his desire, the Court have convened a Special General Court for Monday next, for the purpose of communicating to the Proprietors the correspondence which has passed respecting the Company's Charter; stating, that in the present stage of the discussion, the Court feel that the time has not yet arrived when it would be proper for them to submit to their constituents any distinct recommendation upon the subject: but that they fear, from Mr. Grant's last letter, that it will be impossible for them at any time to lend their sanction to the proposed scheme, since, independently of other considerations, the vital condition upon which he had previously declared it to rest, *viz.* the binding up in one link the interests of the Proprietors with the country which they are to assist in governing, will be abandoned, unless the Company retain the administration of the country for all the time during which their interests are to be identified with it.

And the same having been read,

It was proposed to leave out all the words after the word "scheme;"

And the question, "That the words proposed to be left out stand part of the letter," being put by the ballot,

It passed in the affirmative.

The said draft of a letter to Mr. Grant was then approved.

Draft of an advertisement summoning a Special General Court for Monday next, the 25th instant, was likewise read and approved.

LETTER from the Right Honourable CHARLES GRANT to the CHAIRMAN.

MY DEAR SIR :

Great George Street, 16th March 1833.

It may be satisfactory to you to know my impressions on two or three points, on which, as I do not consider them as conditions of the proposed arrangement, I gave no specific information in my last letter to you and the Deputy Chairman.

I have not mentioned any period for the repayment of the annuity of £630,000, nor did it seem necessary, as, in your letter, you had alluded to it only generally; but I should think it fair to fix it at the period when the guarantee fund, according to probable calculation, shall amount to six millions. Short of that period the annuity not to be redeemable, and thereafter to be redeemable at the option of Parliament, by the repayment of £100 for every £5. 5s. of the annuity.

The period during which the political functions of the Company shall be continued is not specified; but it appears to me that it should be about fifteen years. At the same time it would be well worth the serious consideration of the Court, whether the Company will not stand better and firmer, if the Act contain no provision respecting the time of their government of India.

The number of members of which the Court of Directors shall consist, is a matter of difficulty. The obvious diminution of the duties of the Court would seem to render some reduction necessary, subject to a question, how far that reduction should take place before the complete winding up of the commercial concern. Probably it would be well that the Court should be divided into committees, having the care of separate departments of the administration, and in that case it is clear that there must be retained a sufficient number of Directors to constitute those Committees.

On the subject of appeals, to which the Court seem to attach considerable weight, I might have added a remark in my letter.

It is intended that, in all cases in which old pecuniary claims are revived, and about which the Board and the Court differ, such, for example, as those which have unfortunately divided us of late, the Act shall provide means (if any can be devised) of referring them to some independent authority or judicature.

I think it right to give you my present impressions on these points. I give them, I need not say, sincerely; and it is not likely that I should change them, unless on very strong reasons shewn. I do not mean even this degree of reservation to apply to the provision that the annuity, whenever redeemable, shall be redeemed at the rate of £100 for every £5. 5s. This I always con-

sidered as a *sine quâ non*, and it was so treated in my first letter to you and the Deputy Chairman.

I am, my dear Sir,
Your's, very truly,
CHARLES GRANT.

J. G. Ravenshaw, Esq.
&c. &c. &c.

LETTER from the Right Honourable CHARLES GRANT to the CHAIRMAN and
DEPUTY CHAIRMAN.

GENTLEMEN :

India Board, 21st March 1833.

I beg to acknowledge the receipt of your letter of the 18th instant.

I have now the honour to reply to the enquiries of the Court, so far as under the circumstances of the present correspondence seems necessary and practicable.

In the observations which I am about to offer, I hope that you and the Court will not ascribe it to any want of respect on my part, if I adhere to the rule which I laid down when I last addressed you; I mean that of confining my attention to those points which appear to be vital and fundamental to the proposed arrangement.

In your letter of the 18th instant, you advert to a variety of topics, on which I have already expressed to you the sentiments of His Majesty's Government, and into which, accordingly, I do not think it requisite now to re-enter. If it be thought proper again to discuss them, a more fitting opportunity will occur in a future stage of our proceedings; and I can only say that, at the invitation of the Court, I shall willingly engage in such discussion; in so far at least as concerns matters not as yet conclusively determined. I make this exception, because, among the topics in question, there are two which involve the very basis of the arrangement, and of which I must, therefore, in adherence to the course which I have prescribed to myself, decline to re-open the consideration.

These are, first, the amount (£1,200,000) of the sum set apart for the guarantee fund; and

Secondly, the application of that fund solely to the capital of the annuity of £630,000.

Fully appreciating the motives of duty towards their constituents which have induced the Court to revert to these subjects, I am not the less obliged to state my inability to accede to the wishes of the Court respecting them; and I should more deeply regret this circumstance, were I not of opinion that sufficient security is furnished to the Company by the concession already made in this matter by His Majesty's Ministers.

There is, however, one subject touched on by you, regarding which I think it incumbent on me to meet your desire for further information, the term during which the annuity of £630,000 is to be irredeemable. For, as to the rate of repayment, you have justly construed my silence to imply, that the Government intend to adhere to the rate mentioned in the Paper of Hints, namely, £100 for every £5. 5s. But respecting the term of the annuity, I feel that I am able to answer your enquiry without any substantial departure from the rule to which I have alluded, as limiting the range of my present communication.

This is a point which you have a right to urge as a subject of consideration, preliminary to your recommendation of the new arrangement; and I was in expectation of some suggestion in relation to it, in your letter of the 27th of February. As it is now brought under notice, I have no objection to regard it as having been mooted in that letter; and I proceed to give my reply.

Before I do so, however, I must, in reference to one of your remarks, observe, that the term of the annuity is a question to be kept entirely separate from that of the duration of the Company's political functions.

The former is a fair subject of negotiation with the Proprietors, as affecting the pecuniary value of their property. The latter, as involving solely a political trust, must be determined exclusively in reference to the national interests of Great Britain and of India.



The two questions are indeed connected by the Government plan; but they are to be resolved on independent principles; nor can it be admitted that His Majesty's Ministers are under the same obligation of coming to an immediate resolution in the one case as in the other.

If the arrangement be adopted, I shall, of course, be happy to be favoured with your views on the propriety of fixing any, and, if any, what period to the political authority of the Company, as well as on all other questions which regard the administration of our Indian dominions. It is the more necessary to reserve this point at present, as I conceive that it will hereafter be a matter for grave consideration, whether the interests of India and of the empire at large will not be better consulted, and whether the Company will not in every respect be more strongly and advantageously placed, if the duration of their political functions is left indefinite, than if they are put under the invidious, and perhaps delusive, protection of a specific period.

As to the duration of the annuity, expecting that the guarantee fund will, in about forty years, amount to six millions, His Majesty's Ministers are ready to recommend it to Parliament to declare that, within the term of forty years, the annuity shall not be liable to a compulsory discharge.

In reference to the subject of appeals, to which the Court appear to attach considerable weight, I think it right to insert here a remark, which ought more properly to have found a place in my last letter.

It is intended that, in all cases in which pecuniary claims of an old date are revived, and concerning which the Court and the Board differ—such for example, as those which have unfortunately occurred of late—there shall by law be provided means (if any can be devised) of referring them to the consideration and decision of some independent authority or judicature.

There is yet one topic to which, although it was, as I hope, sufficiently noticed in my last letter, I cannot in deference to the feelings of the Court or in justice to my own, omit once more to recur: I mean the consideration which is undoubtedly due to the officers and dependents of the Company. In the solicitude of the Court on that head, I sincerely participate; and in the arrangements respecting the future circumstances of those meritorious servants, it will be my anxious desire, as well as my duty, to co-operate with the Court in every effort to fulfil the obligations of justice and liberality. But, without entering into details, I trust that the Court and the Company will be satisfied with the general assurance which I gave in my last communication, and which I have now repeated.

I here close the observations which I think it necessary at the present moment to offer to the Court.

In declining to enter more largely into the topics to which you have called my attention, I am not actuated by any indisposition to the fullest and minutest examination, of every question that must be included in a comprehensive view of the present conjuncture, and of the principles of policy which it requires us to adopt. But I feel a deep conviction, that it will be in every respect the most convenient and advantageous course to abstain from the consideration of matters of detail and circumstance, however important or interesting, until we shall have agreed on those still more vital and essential matters, which are to form the foundations of the desired arrangement.

It, therefore, remains for me only to request that the plan as it now stands may, at your earliest convenience, be submitted to a General Court of Proprietors.

I have the honour to be, Gentlemen,

Your most obedient and Humble servant,

The Chairman and Deputy Chairman
of the East-India Company.

CHAS. GRANT.

*From the CHAIRMAN and DEPUTY CHAIRMAN to the Right Honourable
CHARLES GRANT.*

SIR :

East-India House, 22d March 1833.

WE have the honour to acknowledge the receipt of your letter, dated the 21st instant.

Agreeable to the desire which you have expressed, the Court have convened

a Special General Court for Monday next, for the purpose of communicating to the Proprietors the correspondence which has passed respecting the Company's Charter.

In the present stage of the discussion, the Court feel that the time has not yet arrived when it would be proper for them to submit to their constituents any distinct recommendation upon the subject, but they fear from your present letter, that it will be impossible for them at any time to lend their sanction to the proposed scheme, since, independently of other considerations, the vital condition upon which you had previously declared it to rest, *viz.* the binding up in one link the interests of the Proprietors with the country which they are to assist in governing, will be abandoned, unless the Company retain the administration of the country for all the time during which their interests are to be identified with it.

We have the honour to be, Sir,

Your most obedient and faithful servants,

(Signed) J. G. RAVENSHAW,
C. MARJORIBANKS.

The Right Honourable Charles Grant, M.P.
&c. &c. &c.

LETTER from the Right Honourable CHARLES GRANT to the CHAIRMAN and DEPUTY CHAIRMAN.

GENTLEMEN :

India Board, 25th March 1833.

I have the honour to acknowledge the receipt of your letter, and to thank you for the information that the Court of Directors have summoned a Special General Court, with the view of communicating to the Proprietors the correspondence that has recently passed on Indian affairs.

I must, at the same time, express my regret, that the Court do not feel themselves enabled to offer to their constituents any distinct recommendation on the subject; and still more, that they anticipate the impossibility of giving, at any future period, their sanction to the proposed scheme.

Of the considerations which have led to this anticipation one only is specified, and to that particularly I now desire to advert.

A suggestion having been made by me, the effect of which would be, that the term during which the political functions of the Company should be continued to them would fall short of that during which the annuity to be paid to the Proprietors should remain unredeemed, the Court conceive that I have abandoned the condition of linking the interests of the Proprietors with those of the country to be governed; a condition which His Majesty's Ministers have always represented as essential to the plan.

I cannot allow the great question at issue to be referred to the Proprietors without attempting to vindicate His Majesty's Ministers from such an imputation.

A very few words will place this position beyond doubt, and will shew the misconception into which the Court have fallen.

Anxious that the plan should afford an adequate security for the good government of India, the Ministers have felt, and I, on their behalf, have repeatedly argued, that it was material that the Company, an intended and most important organ in the constitution of that Government, should be bound up in point of interest with the country to be governed, and consequently that the annuity to be paid to the Proprietors should be charged on the Indian territory. The natural inference, so far as any inference could be drawn on the subject, was, that the annuity should remain unredeemed so long as the Company's political functions should continue to be exercised.

The Court, it will be seen, have inverted the inference. They construe it to be, that the Company's political functions should continue to be exercised so long as the annuity remains unredeemed; and because the suggestion to which I have referred would not accord with such a proposition, they conclude, I do not think justly, that a vital condition of the plan is necessarily sacrificed.

It was avowedly for the sake of India that I urged the principle of identifying the interests of that country with those of the Company, so long as the

Company should continue the administration of Indian affairs. On the other hand, I admit that the Company have, on their part, a right to contend, if they think proper, that they ought to retain the administration of Indian affairs so long as their interests are identified with those of India. But the Court will, I am sure, perceive that this is the converse of the principle on which the plan proceeds; and on this point I do not, in the present stage of the discussion, express a decided opinion.

I am glad of the opportunity of offering this explanation, to which I do not doubt that the Court will do justice.

I request that you will do me the favour of adding this letter to the papers which are to be presented to the Special General Court.

I cannot conclude without expressing my earnest hope that the Proprietors may see reason to regard favourably the proposition of the Government. They will, I trust, bear in mind, that it is on the leading principles of the plan, and only on these, that they are now called to exercise their judgment. That they will perform this duty with a candour and deliberation suitable to its importance and responsibility, I cannot doubt: and it is on this conviction that I rely, as well for the soundness of their ultimate decision, as for their just estimation of the motives which influence the conduct of the Government on the occasion. His Majesty's Ministers have no end in view except the general advantage of the empire. The plan which they propose will, in their opinion, be found, on a dispassionate consideration, to recommend itself as calculated to consult the various interests to be provided for, and above all, to promote that object for which the Proprietors have ever manifested the liveliest solicitude,—the well-being of our fellow subjects in India.

I have the honour to be,

Gentlemen,

Your most obedient humble servant,

CHARLES GRANT.

The Chairman and Deputy Chairman
of the East-India Company.

THE ASIATIC JOURNAL,

from which work the foregoing Report is taken, is published Monthly, at the price 3s. 6d., and contains a very copious digest of intelligence, Local, Political, Military, Commercial, and Statistical, from all parts of British India, the East, and Southern Asia generally, down to the latest period of each month. It combines with this vast body of useful information, original Compositions, by very able writers, at home and abroad, not merely on topics of Oriental Literature, but including light and agreeable articles, adapted for General Amusement.

REMARKS
ON THE
EXTENSION OF TERRITORY
WHICH HAS TAKEN PLACE
IN
INDIA,

SUBSEQUENT TO THE ACTS OF PARLIAMENT
PASSED IN 1784, AND 1793;

*Submitted to the Consideration of Parliament, previous to
the proposed*

RENEWAL OF THE CHARTER

OF THE
EAST INDIA COMPANY.

London :

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1812

INDIA.

THE approaching discussion of the Charter of the East India Company involves so many topics of importance to the interests of this Country, that the Public, it is conceived, will receive with satisfaction any statement which may serve to elucidate this interesting Question.

The reference, which has so frequently been made to transactions in India, as proving *a systematic plan of territorial acquisition, inconsistent with the policy prescribed by the act of 1793*, is calculated to mislead the judgment of many persons, generally entitled to respect and honor: this subject

appears to require explanation, and it is proposed, in this tract, to consider,

1st. The intention of the legislature in that branch of the Indian Bills, which respects "*conquest, and extension of territory in India.*"

2d. The practice of the Governments *abroad*, the orders of the government *at home*, and the *opinion* of Parliament respecting the same points, from 1784 to 1805.

3d. The *positive* enactment of Parliament upon the same points in 1800.

4th. The ultimate result of the augmentations of territory and power which have taken place in India since the year 1784, upon the strength and security of our Eastern empire, and upon the happiness and prosperity of our subjects in India.

1. The resolution passed in the House of Commons in the year 1782, and introduced into the India Act of 1784 and also into the

Act of 1793, declares that, the “pursuit of
 “schemes of conquest and extension of do-
 “minion in India, is repugnant to the wish,
 “the honor, and the policy of the nation.”

This declaratory preamble introduces the regulation for preventing the commencement of hostilities in India, or the conclusion of treaties of guarantee involving the contingency of war, without the express command and authority of the Court of Directors, or of the Secret Committee.

At the period of time when this resolution passed, and even when it was enacted into a law, the situation of the native states of India, as well as of our several tributaries and dependancies, rendered it impossible to suppose, that the intention of the Legislature could be to preclude altogether any extension of territory of the company, or any extension of the civil and military authority of the Company, over territories which we were already bound by treaty, or by positive interest, to defend.*

The condition of the power of Tippoo Sul-

tan, of that of the Mahratta states, and of the Nizam at that period* of time, appeared to afford just apprehension, that war might arise in India on grounds of justice and necessity, which might compel the company to seek security in a reduction of the resources and power of some of those states : and it cannot be supposed, that Parliament intended to fix the exact limits of the dominion of the Company, excluding all reference to the conduct and policy of the native states of India, to the changes of power and interest which might occur on the continent of India, or to the advantage which might be derived from the *success of our arms* in any contest in which we might be engaged in the necessary course of events.

To forbid war absolutely was impracticable, whilst we were surrounded with powerful military states, whose policy might compel us to resort to arms ; and to forbid any reduction of the resources and dominions



of any state, which we might defeat in war, or any additional strength which we might be enabled to found upon favourable conditions of peace, would not have been consistent with the wisdom of Parliament.

2. No inference can be drawn from the letter or spirit of the resolution or clause of the act to preclude the extension of the British territories in India, by *just* and *legitimate* means, unconnected with schemes of conquest and irregular ambition.

The strict construction of this principle has been repeatedly argued in Parliament; and, in both Houses, the opinion has uniformly prevailed, that the intention of the Legislature was not to prohibit absolutely, either war or extension of territory in India, if either should become necessary to our security on the principles of justice.

The resolution and the clauses in the acts referred to *preceding* transactions in India, which appeared to the Legislature to have originated in an irregular spirit of aggrandise-

ment ; and although it is certain, that unjust wars or exorbitant conquests would have been criminal, if no such principle had been expressly declared by the legislature, it cannot have been deemed superfluous to have declared the rule at a moment* when it was supposed to have been violated, and therefore to require additional confirmation and a new sanction of authority.

3. Neither the practice of the government abroad, nor the orders of the government at home, nor the conduct of Parliament from the time of passing this resolution to the present moment, will warrant any other construction of the rule, than that which has been stated with reference to war and conquest.

4. The extension of the Company's territory, which occurred upon the result of Lord Cornwallis's war against Tippoo Sultan, under the treaty of peace in the year

1792, would otherwise have been deemed a violation of the rule prescribed by Parliament; but that war, and all its consequences, in the extension of territory, were fully approved.

The extension of territory which followed the conquest of Mysore, in 1799, would also have been condemned on similar grounds.

That conquest was the result of a just and necessary war; and the transfer of the enemy's dominions to our authority, although involving considerable extension of territory, was never deemed, for *that reason only*, to be inconsistent with the policy of the act of 1793, but was declared to be justified by the same principles which had justified the commencement of the war.

5. In the year 1789,* Lord Cornwallis, under the treaty of 1768, with the Nizam, obtained the cession of the Guntoor district

* Vide Lord Cornwallis's letter of the 7th July, 1789.

to the Company. This transaction, *as a mere accession of territory*, would have been *censurable* upon the doctrine now maintained, but it was *approved* under the circumstances of the case.

The same observation applies to the arrangement concluded with the Rajah of Benares, in 1795, by Mr. Duncan, under the orders of Lord Teignmouth, by which arrangement the Company's authority was *extended* over the province of Benares.

6. The state of the Carnatic, of Oude, and of other possessions of our tributaries and dependants, had long* been a subject of complaint and alarm. The Company had, in fact, supported these tributaries in their respective countries, and they owed the existence of their power, and must have owed the continuance of it entirely to the Company's assistance.

The administration of these countries was grossly abusive and *injurious* to the *welfare* and *happiness* of the *inhabitants*, and to the prosperity of the country. Internal disorder, and external weakness, accompanied by a rapid decay of the resources of these states, were the consequences of these evils.

The Company was bound by positive interest, and in many cases by treaty, to protect and defend these states, and was entitled to derive the means of defending them from the resources of the same countries. But under the mismanagement and corruption of the native governments, the means of supplying the defence of the country were declining, while the people suffered the utmost extremity of misery.

To extend the authority of the Company over these countries, would in fact prove *no extension of territory*, weakening the line, or impairing the means of our general defence ; but an *augmentation of power* within territories, *which we were already bound to defend*. Such an augmentation of power, so far from

weakening, would tend greatly to secure and consolidate the strength of our empire in the East. Nor is it rational to suppose that our means of protecting these countries could be diminished by the introduction of the civil and military authority of the Company into their respective governments.

It is evident, that the opinion of the *government at home* has uniformly been, that the Company was *bound* to provide effectually for the good government of the possessions of our tributaries and dependants, and *even to interfere directly* for that purpose in cases of exigency.

7. The extension of the Company's authority over the Carnatic, was always considered as a measure essential to our security in the event of war; the Carnatic was accordingly *assumed*, both by Lord Macartney and Lord Cornwallis in time of war; and the *assumption* of the Carnatic in time of war, afterwards, became a formal article of treaty, concluded by Lord Cornwallis with the Nabhob, in 1792.

8. In the short war of 1799, Lord Wellesley did not assume the Carnatic, as he might have done under that article. But in expectation that he would have assumed it, he received orders* from the Secret† Com-

* Vide printed papers relative to the arrangements in the Carnatic.

† It is usual every year to transmit from the India House to the Governor General in Council, an order to the following effect :

“ Having appointed () during the present direction, to be a Secret Committee, agreeable to, and “ for the purposes stated in the acts of the 24th, 26th “ and 33d of his present Majesty, we, (meaning the “ Court of Directors,) hereby direct, that all *orders* “ and *instructions*, which you shall receive from our “ said Secret Committee, be *observed* and *obeyed* with the “ *same punctuality* and *exactness*, as though they had been “ signed by *thirteen* or more members of the Court of “ Directors, conformably to the said acts.”

Notwithstanding this positive order, the Court of Directors, during the discussion of the Oude and Carnatic questions, pretended to be ignorant of the existence of the orders of their Secret Committee regarding those transactions, and at all events, *not to be bound* by the acts of the Secret Committee. The government of India

mittee, *not to restore it to the Nabob*, until a new arrangement for its government should be concluded.

It is therefore evident, that the extension of the Company's authority over those territories of our dependants or subsidiary tributaries, which we were bound by treaty or interest to defend, has not hitherto been deemed repugnant either to law or good policy.

9. With the Nabob of the Carnatic, and with the Rajah of Tanjore, subsidiary

ought to be relieved from this contradiction ; if they refuse to obey the *SECRET COMMITTEE*, they are guilty of a violation of the law, and of disobedience of orders ; on the other hand, the *approbation* of the *SECRET COMMITTEE*, (at least in the case of Lord Wellesley,) was not any security against the *censure* of the *COURT OF DIRECTORS*. It is hoped, that Parliament will not only rectify this absurdity, but will also fix a due share of responsibility on the Court of Directors, who are now without any. This point demands the *most serious attention*, and ought to be fully considered on the renewal of the charter.

engagements were concluded by Lord Cornwallis in 1792, which eventually stipulated for a considerable *extension* of the authority of the Company over the territory of those princes, in the contingency of ultimate failure in the regular payment of the subsidy. But it never was contended, that in the event of such failure, it would have been inconsistent with the policy of the Act of 1793, to have insisted upon the rights of the Company to demand the execution of those articles of the respective subsidiary treaties, which, either in direct terms or by manifest, implication, entitled the Company to an extension of territory in commutation of the subsidiary payments.

10. The following extracts from the Act* of 28th July, 1800, will explain the opinion of the Legislature upon this subject at that time :

“ Clause 1. Whereas the territorial pos-

* 39 and 40 George III. cap. 79.

“ sessions of the United Company of Mer-
 “ chants of England, trading to the East
 “ Indies in the peninsula of India, *have*
 “ *become so much extended* as to require
 “ further regulations to be made for the due
 “ government of the same.”* “ And whereas
 “ the *province or district of Benares has*
 “ *been ceded to the said United Company,*
 “ *and been annexed* to the said Presidency of
 “ Fort William in Bengal, since the establish-
 “ ment of the said Supreme Court of Judica-
 “ ture at Fort William aforesaid; and it is
 “ expedient that the same should be subject
 “ to the jurisdiction of the said Court, in like
 “ manner as the kingdoms or provinces of
 “ Bengal, Bahar, and Orissa; and that the
 “ said province or district, and *all other pro-*
 “ *vinces or districts, which may hereafter be*
 “ *at any time annexed* and made subject to
 “ the said presidency, should be subject to
 “ such regulations as the Governor General
 “ and Council of Fort William aforesaid have
 “ framed, or may frame, for the better

* Cap. 20.

“administration of justice, among the
 “native inhabitants and others within the
 “same respectively: be it therefore further
 “enacted, that from and after the first day
 “of March, which will be in the year of our
 “Lord one thousand eight hundred and one,
 “the power and authority of the said
 “Supreme Court of Judicature, in and for
 “the said Presidency of Fort William afore-
 “said, as now and by virtue of this Act
 “established, and all such regulations as
 “have been or may be hereafter, according
 “to the powers and authorities, and subject
 “to the provision and restrictions, before
 “enacted, framed, and provided, shall ex-
 “tend to and over the said province or dis-
 “trict of Benares, and to and over all the
 “factories, districts, and places which now
 “are, or hereafter shall be made subordinate
 “thereto, *and to and over all such provinces*
 “*and districts as may at any time hereafter*
 “*be annexed and made subject to the said*
 “*Presidency of Fort William aforesaid.*”

These extracts must be considered to afford
 a clear sanction of such extensions of terri-

tory as *had been* notified to the government at home at that time, and furnish a clear exposition of the *intention* of the Legislature by the Acts of 1784 and 1793. If those Acts had been intended to constitute positive prohibitions of any extension of the Company's territory in India, the preamble of the Act of the 28th July 1800, would have been improper : it is evident from the words of this preamble, that the Legislature *admitted* the *propriety* of extending the Company's territory in India under certain circumstances, and in certain cases, notwithstanding the declaration of the law concerning " schemes of conquest and extension of " dominion."

The words* employed in the latter part of these extracts also afford a further explanation of the intention of the Legislature respecting any extension of territory which might occur *subsequently* to the passing of this Act in 1800. So far from considering any such extension of territory to be illegal, the Act of the 28th of July 1800 expressly

* " All other provinces or districts which may, *hereafter*, at any time, be annexed, &c."

supposes the case, that *other provinces and districts may hereafter be annexed* and made subject to Bengal, and provides for the good government of such new acquisitions. In fact, a part of the cessions from Oude was annexed to the district of Benares, and the remaining cessions from Oude, together with the cessions from the Mahrattas, were formed into another district. The whole was annexed to the Presidency of Bengal, and brought under the jurisdiction of the Supreme Court, by the operation of this Act.

11. The Company on various occasions, *with the authority* of His Majesty, had expressed great anxiety to commute the subsidies of the Carnatic and of Tanjore for adequate territorial security. It would be absurd to represent such a commutation as in any degree repugnant to the wish, the honour, or the policy of the nation, or to the spirit of the acts of regulation.

On Lord Wellesley's arrival in India, in April 1798, he endeavoured, in conformity to his *original* instructions from the Court of Directors, to obtain a commutation of

this nature in the Carnatic. It is unnecessary to state the repeated and anxious efforts which Lord Wellesley made to effect this object, or to observe, that in pursuing it, Lord Wellesley followed the steps of Lord Hobart's government, which had proceeded also under the commands of the Court of Directors.

Lord Hobart and Lord Wellesley were equally unsuccessful, but their efforts have received the most unequivocal testimonies of official approbation; nor was an attempt hazarded to represent their endeavours for the improvement of the subsisting subsidiary engagements of the Company in the Carnatic as a systematic violation of the Act of 1793, although the *success* of those endeavours must have been accompanied by an *extension* of the civil and military authority of the Company over territory, not at that time subject to either.

12. In the settlement of Mysore, upon concluding subsidiary engagements with the Rajah of Mysore, Lord Wellesley declared to the Court of Directors in 1799, that his *express* purpose was to facilitate the direct

control of the Company over the whole territory of Mysore, with a view to the more effectual security of the subsidy, and the good government of the country. In fact, the territory governed in the name of the Rajah, was actually annexed to the Company's dominion by that article of the subsidiary treaty of Seringapatam, which empowers* the Company, at any time, to assume the direct management of the whole country. But this treaty has not in Parliament been quoted to prove the existence of a *systematic* plan of territorial acquisition, inconsistent with the policy of the Act of 1793.

13. In Tanjore, a commutation of subsidy was effected in 1800, founded on the spirit of the Governor General's *original* instructions respecting the Carnatic ; and accordingly the territory of Tanjore was subjected to the Company's authority.

14. At the termination of the war with Tippoo Sultan (while *hostilities still conti-*

* The actual condition of the Mysore territory is the best practical proof of the benefits of this arrangement. See Colonel Wilkes's able report on Mysore.

nued in various provinces of Mysore), in the year 1800, a new treaty of subsidy was formed with the Nizam : adverting to the former policy pursued by the Company since the act of 1793, to the tenor of the Governor General's instructions respecting the Carnatic, and to the experience of the evils resulting from the existing systems of subsidy in Oude and the Carnatic, Lord Wellesley framed the subsidiary treaty with the Nizam, upon the principle of obtaining *territorial security* for the payment of the subsidy, instead of depending for the safety of those funds, on the precarious power and imperfect administration of an Indian government.— Can it be supposed, that such an arrangement was precluded by law, especially as the *government at home* was fully* apprised of the whole transaction ?

* The acts of 1784 and 1793, only preclude the conclusion of treaties of guarantee, (*involving the contingency of war*) WITHOUT the authority of the government at home. In this case the government at home was not only apprised of this transaction, but hostilities still continued in various parts of Mysore. In fact, this treaty with the Nizam in 1800, was merely an *improvement* of our *existing* engagements with that chieftain.

15. The treaties of Surat, and the treaties with the Guickwar, were founded on similar principles with those of Tanjore and Hyderabad, *substituting* territorial security for an engagement to pay the amount of the subsidy from the Treasury of the State. The right to conclude a subsidiary engagement with the Guickwar, was derived from that stipulation of the treaty of Salbye, which constitutes the Company to be the guarantee of the succession and government of the Guickwar state.

16. The new subsidiary treaty concluded with the Nabob of Oude, in November 1801, rested on the same foundations, and effected a *commutation* of all the Nabob Vizier's engagements with respect to subsidy, and aid in war for a cession of territory.

17. The treaty of Bassein (concluded with the Peishwah) proceeds on the same grounds. In *renewing* the ancient alliance between the Peishwah and the Company, it cemented that alliance by a subsidiary engagement.

and by a territorial cession, formed upon the *improved* plan of policy *repeatedly sanctioned* by the authority of His Majesty, and of the East India Company, and already effected, with other dependant states, in preference to that *defective scheme* of *subsidiary alliance*, which had produced *innumerable evils* in various parts of our dependancies in India ; which for *many years* had constituted an *annual theme* of *lamentation* for all the governments in India, and for the Honourable court of Directors ; and the policy of which appeared to have been *exploded* by the deliberate wisdom and long experience of that body.

The whole course of the negotiations at Poonah, from the year 1798 to the conclusion of the treaty of Bassein, was regularly submitted to the Secret Committee.

18. The transfer of the civil and military government of the Carnatic to the Company (in 1801), was warranted by the justice and necessity of that proceeding, founded upon the forfeiture incurred by Mahommed Alli, and Omdut ul Omrah, and upon the dangers which menaced the security of the

Company's rights on the coast of Coromandel, in consequence of their treachery. The justification of this proceeding rests upon principles similar to those, by which war is justifiable against any public enemy; and the extension of authority which accompanied the prosecution of a *just* and *legitimate public right*, cannot be condemned upon any principles correctly derived from the Act of 1793.

In prosecuting the just rights of the Company against the Nabob of the Carnatic, Lord Wellesley resorted to his *original* instructions from England respecting the Carnatic; and he framed the new settlement with reference to the *acknowledged expediency* of effecting a commutation of the subsidy for territorial security, and of rescuing the Carnatic from the evils of *divided government* and conflicting power, by establishing over that province ONE DISTINCT AUTHORITY in the hands of the Company, with a liberal provision for the Nabob and his family. It is impossible to comprehend the application of the Act of 1793, to any part of this transaction.

19. The acquisitions of territory which were accomplished in India during Lord Wellesley's administration, proceeded, either from the successful prosecution of *war* ; or from *forfeiture* in consequence of the violation of dependant alliances ; or, lastly, from the *improvement* of existing, or the *formation* of *new* treaties of subsidy and guarantee. The *first* description includes those provinces and possessions of Tippoo Sultan, retained by the Company under the partition treaty of Mysore,* together with the conquests made from Scindia and the Rajah of Berar, at the termination of the late Mahratta war. The *second* description consists of the possessions of Omdut ul Omrah in the Carnatic ; and the *last* comprehends the territories *commuted* for subsidy by the Rajah of Tanjore, by the Nizam, and by the Nabob of Oude, and the territories *ceded* in *payment* of *subsidy* by the Nabob of Surat, by the Guickwar, and ultimately by the Peishwah.

The records of the Company will furnish sufficient evidence, that every extension of territory acquired under each of these classes, originated in principles, not only strictly conformable to the Act of 1793, but to the general maxims of justice and policy applicable to our Indian empire.

No extension of territory has been acquired otherwise than by the prosecution of a JUST and NECESSARY WAR, or of JUST and LEGITIMATE PUBLIC RIGHT: the result of these acquisitions has not involved the necessity of defending any territory, which had not *previously* furnished increased means of offensive war to our enemies, or which we were not *previously* bound to defend, either by the obligation of positive treaty, or of our own manifest interest.

Our *means of defence* in every case are now *greatly augmented* by the annexation of the civil and military government of the territories from which we derive the military resources, applicable to defray the charge of their respective protection and security.

The result of the whole progress of these wars and negotiations will appear to be nearly conformable to the following statement.

1. The limits of the Company's civil and military authority have been considerably extended since the year 1784.

2. The principles of these successive extensions of power have been conformable to justice and good policy, and regularly brought under the consideration of the authorities at home; and sanctioned, either by direct law, or by *orders* from the Government in England, or by long acquiescence in the arrangements effected in India.

3. The magnitude of our empire in India has been increased by these events; but its *strength* and *resources* have also been *greatly increased*; our frontier in every quarter is improved, our internal government invigorated, and our means of defence considerably augmented.



No. I.

At a Secret Committee of Correspondence,

The 5th October 1808.

READ a letter from the Rt. Hon. Robert Dundas to the Chairs, dated the 30th September, desiring to ascertain the opinion of the Court, as to the propriety and expediency of bringing forward, in the next session of Parliament, the subject of renewing the Company's Charter.

The Committee having deliberated thereon, agreed on the substance of an answer, to be further considered at their next meeting.

No. II.

LETTER from the Rt. Hon. ROBERT DUNDAS to the CHAIRMAN and DEPUTY CHAIRMAN, noticed in the preceding Minute.

Gentlemen, *Melville Castle, 30th September, 1808.*

The propriety and expediency of applying to Parliament for a renewal of the privileges of exclusive trade enjoyed by the East-India Company, with such modifications as may be deemed necessary, and for the continuance of the system of government in the British Territories in India on its present basis, but with such amendments, also, as the experience of its effects may appear to demand, having lately been the subject of frequent consideration and discussion, you will probably concur with me in opinion, that it is advisable now to ascertain, whether the Court of Directors are desirous of agitating the question at present, and of submitting it, in all its details, to the early consideration of Parliament.

I have the honor to be, Gentlemen,

Your most obedient and humble servant,

(Signed) ROBERT DUNDAS.

To the Chairman and Deputy Chairman
of the East-India Company.

No. III.

At a Secret Committee of Correspondence,

The 12th October, 1808.

Agreed to the following draft of an answer to the letter of the 30th ultimo, from the Rt. Hon. Robert Dundas.

(*Secret.*)

Sir,

East-India House, 12th October, 1808.

We now propose to do ourselves the honour of replying to your letter of the 30th of last month.

From the communications we have at different times had with the Members of the Court of Directors, we are well assured it is the general sense of that body, that it will be for the interest of the Public and the Company, that the Charter should be early renewed. Convinced that this is their opinion, and apprehensive lest inconvenience might be produced, by setting this important subject afloat before it was in some degree matured, we have not thought it necessary formally to resort to the Court for a declaration of their judgment upon the question you are pleased to propose to us; but we have, in order to obtain what we conceive to be, with the knowledge we before possessed, sufficient warrant to us to give an answer to your preliminary enquiry, laid your letter before a Secret Committee of Correspondence: and we are authorized to state it to be their opinion, as it is our own, not only that the interests of the Public, as well as of the Company, will be best consulted, by continuing the present system of Indian administration, but that it is material the Charter should be speedily renewed.

With respect to any modifications which you or His Majesty's Government may have it in contemplation to propose, we shall be happy to be made acquainted with them, and to bring them under the most serious consideration of this House. We can at present only state, that we trust there will be no disposition to introduce any change, that would alter or weaken the main principles and substance of the present system, which, in the opinion of the Company, is essential to the due management and preservation of British India; and that, with respect to minor points, as far as they may be really compatible with

with those essential objects, the Court will not be influenced by any partial views to withhold from them the fair consideration due to them.

Glad that you have seen it proper to bring forward this weighty subject, and desirous to be favored with your further communications upon it, as soon as may suit your convenience,

We have the honor to be, Sir,

Your most obedient humble servants,

(Signed) EDWARD PARRY,
CHARLES GRANT.

The Rt. Hon. Robert Dundas,
&c. &c. &c.

No. IV.

At a Secret Court of Directors, held on
Wednesday, 7th December, 1808.

The Chairman laid before the Court,
Minutes of a Secret Committee of Correspondence,
held the 5th October last;

Letter from the Rt. Hon. Robert Dundas to the Chairs,
dated the 30th September last, referred to in the Minutes
above-mentioned;

Minutes of a Secret Committee of Correspondence,
held the 12th October last; and

Draft of a Letter from the Chairs to Mr. Dundas, dated
the same day.

It was then, on a motion,

Resolved unanimously, That this Court approve the
proceedings of the Secret Committee of Correspondence,
of the 5th and 12th October, and the Letter to the
Rt. Hon. Robert Dundas, of the last-mentioned date.

No. V.

At a Secret Court of Directors, held on
Friday, 16th December, 1808.

Minutes of the 7th instant were read and approved.

Draft of a letter from the Chairman and Deputy to the
Rt.

Rt. Hon. Robert Dundas, offering some suggestions of a general nature, as the principal foundations on which a new agreement between the Public and the East-India Company may be placed, was read and unanimously approved, being as follows, *viz.*

Sir, *East-India House, 16th December, 1808.*

In consequence of a conference which we lately had the honor to hold with you, we have laid before the Court of Directors the letter which you were pleased to write to us, under date the 30th September last, on the subject of renewing the Company's Charter, together with the answer which we returned to that letter, on the 12th October following; and we are now instructed by the Court to state to you, that they approve of that answer, and are ready to enter with you, through the medium of their Committee of Correspondence, into a consideration of the various objects to which it may be proper to attend, in bringing forward so important a measure.

At the present moment it would, in the opinion of the Court, be premature in them, to proceed to any detailed specification of those objects, to which it may be proper, on the part of the Company, to attend, or to anticipate any discussions which it may be the wish of His Majesty's Ministers to propose; but the Court beg leave to offer some suggestions of a general nature, as the principal foundations on which a new agreement between the Public and the East-India Company may be placed.

1st. The system by which the Legislature has continued to the Company the government of the territories acquired by it in the East, with a regulated monopoly of the trade, has been held by the most eminent persons conversant with that quarter and its affairs, to be the most expedient, both for the foreign and domestic interests of this country. Under it, those territories have been improved, and the security and happiness of the vast population they contain have been signally increased. It is also a system which establishes salutary checks for the exercise of the authority lodged in this country over the Indian administration, and for all the local details of that administration, in its political, judicial, financial, and

and commercial departments ; and provides with singular felicity for a succession of a body of able and honorable European servants, who yield in general character and utility to no class of public functionaries under the Empire. In like manner, the constitution of the Indian army has proved itself calculated to produce a body of officers of high military spirit, and of very distinguished skill and conduct. The Court, therefore, trust that no material change in this system ;—no change which would affect its principles or impair its efficiency, will be proposed.

2d. In this case, it will be unnecessary to enter into any discussion of the right of the Company to the territorial possessions ; a right which they hold to be clear, and must always maintain, as flowing from their acquisition of those territories, under due authority, and after long hazards and vicissitudes, and great expense.

3d. The situation of the Company is, at this time, very different from what it was at the last renewal of the Charter, in 1793. European war, with hardly any intermission, through the whole of the period that has since elapsed, has exceedingly increased the expenses, and reduced the profits of the Company at home ; and has likewise enlarged the scale of expenses abroad ; where, moreover, wars with the Native Powers have been repeatedly carried on, to the vast accumulation of the Indian debt, now advanced from eight millions sterling, at which it stood in 1793, to about thirty-two millions. Without meaning at all to advert, in this place, to the question concerning the policy of some of those wars with the Princes of India ; it is safe and proper to affirm, that they were not, in any degree, directed by the Executive Body of the Company, but proceeded from causes which that body could not control. As, in consequence of all the events which have happened since the year 1793, the benefits intended to the Proprietors of East-India Stock, by the Charter then passed, have not been realized ; so the Court trust, that in the formation of a new Charter, due care will be taken to secure their proper share of advantage in any future amelioration of the Company's affairs, and especially that no measure will be adopted, which can have the effect of reducing the value of their capital stock. The dividend on that stock, which is only equivalent

valent to the legal interest of money, is all that the Proprietors have ever received from the united sources of Indian revenue and Indian commerce, whilst the country has been enriched by the long continued influx of private wealth, and raised in the scale of nations by the political importance of the Indian empire.

4th. The liquidation of the Indian debt is, on all hands, agreed to be a measure of indispensable necessity. From the magnitude to which the debt has now risen, and the circumstances of the present unexampled time, the aid of the Public will probably be necessary to the attainment of this most desirable object. For the aid that may thus be afforded, the Court conceive that sufficient means of reimbursement from the Indian territory and revenue may be found; and the arrangement of a plan, for these purposes, might, as the Court conceive, form a very material part of the provisions of the new Charter.

5th. To apportion duly between the Public and the Company the military expenses of the Indian empire, is another measure now become unavoidable. For wars growing out of the Indian system, or out of sources purely Indian, the revenues and other means of the Company were long made to suffice, including even the charges of occasional attacks upon the Indian settlements of European nations; but the influence of European wars has, in the present protracted period of hostility, extended itself more and more to India, occasioning the expense of various distant expeditions, and the increase of the military establishment, particularly in the European troops of his Majesty, which from being twenty years ago only a very few regiments now amount to above twenty thousand men, and those of the most expensive description of troops composing the military force of British India: nor is it at all improbable, that from the avowed design of France to invade our Indian possessions with great armies by land, it may be necessary still largely to augment our European force in that quarter. For a war of this description the Indian revenues, if unincumbered with debt, would be very inadequate. It would be an European war for European objects; a struggle between Great-Britain and France, on the soil of India, for the maintenance and support of their power in Europe. For such an object, to which the national funds only are commensurate, the
national

national funds undoubtedly ought to provide ; and as we know that, in this, we state only what your own mind has already perceived and approved, we the more confidently hope, that in a new Charter proper attention will be paid to the due regulation of so important a concern.

6th. As the early renewal of the Charter will serve to strengthen the hands of the Company in the transaction of their affairs, and improve their credit, so its renewal, for the like period as the present one run, and from the time of its expiration, would conduce to the same ends ; and the Court are not aware of any objection to the proposition of this term.

We have the honor to be, Sir,

Your most obedient humble servant ;

(Signed)

EDWARD PARRY,

The Rt. Hon. Robert Dundas,

CHARLES GRANT.

No. VI.

At a Secret Court of Directors, held on

Friday, the 13th January, 1809.

Letter from the Rt. Hon. Robert Dundas, dated the 28th December last, to the Chairman and Deputy, in reply to their letter of the 16th December, was read, *viz.*

Gentlemen, *Downing Street, 28th December 1808.*

In submitting to your consideration such observations as have occurred to me on your letter of the 16th instant, it is necessary that you should understand them to be merely preliminary, in contemplation of future discussions, and by no means as the result of any plan or projected system, matured in concert with His Majesty's confidential Servants. It will depend on the judgment which the Court of Directors may form on the propriety or necessity of adhering to the present system of their Indian trade and administration in all its parts, whether I shall be enabled to hold out to them any expectation, that their application to Parliament for a renewal of the Company's Charter will meet with the concurrence of Government.

I shall

I shall follow the order adopted in your letter, in respect to the subjects which you have particularly mentioned, and shall offer some additional remarks on any other important branches of the present system, in which alterations may probably be deemed indispensably necessary.

1st. Concurring in substance with the proposition contained in the first article, I shall not enlarge upon its details. I have not yet heard or read any arguments against the continuance of the system under which the British Possessions in India are governed, of sufficient weight to counterbalance the practical benefits which have been derived from it, in their increased and increasing prosperity, and the general security and happiness of their inhabitants. It is possible that the same effects might have been produced under a government immediately dependent on the Crown; but for the attainment of those objects, the experiment is, at least, unnecessary, and it might be attended with dangers to the Constitution of this Country, which, if they can be avoided, it would be unwise to encounter. Any alteration, therefore, which may be suggested in this part of the system, will probably be only in its details. It may, however, be deemed advisable, to extend the controlling authority of the Board of Commissioners to such proceedings of the Court of Directors in England, as are immediately connected with the government or revenues of the Company's territorial possessions in India, more especially if the suggestion contained in your fourth article should be adopted.

2d. In the view which I have already taken of the proposition contained in the preceding article, it is certainly unnecessary to discuss the question of the Company's right to the permanent possession of the British territories in India. It is impossible that this right should be relinquished on the part of the Public, or that a claim can be admitted on the part of the Company, to the extent which has sometimes been maintained, and to which you seem to have adverted in the second article.

3d. It is equally impossible to acquiesce in *all* the reasoning, though I am perfectly willing to concur in the conclusion deduced from it in the third article. I think it very desirable, that no measure should be adopted, in the renewal of the Charter, which would have the effect of
reducing

reducing the value of the capital stock of the East-India Company, and that due care should be taken to secure their proper share of advantage, in any future amelioration of their affairs; but as the law has regulated the mode in which those affairs, at home and abroad, should be administered, I cannot enter into the distinction which is stated in this article, and which I have met with on other occasions, as to the equitable claim of the Company to any remuneration from the Public, or other benefit, on account of wars, or other events which, as represented in your letter, did not originate in "the Executive Body of the Company, but proceeded from causes which that Body could not controul."

It would be premature, in this stage of the discussion, to enter into any details, as to the proportion of benefit to be derived by the Company or the Public, respectively, from any future amelioration in the state of your finances; and any contingent expectation of that nature must, at all events, be postponed, till a large portion of the Indian debt has been discharged.

4th. The liquidation of that debt is undoubtedly a measure of indispensable necessity, not only to the Company but to the Public. If we were now called upon to discuss the right of the Public to the territorial revenues which have been obtained in India, either by cession or conquest, it would be impossible to relieve the question from the fair claims of the Company and their creditors to a reimbursement of the expences which have been incurred, and the discharge of the debts which have been contracted, in the acquisition and maintenance of those possessions. Entertaining that opinion, and convinced that the liquidation of the Indian debt, in the most speedy and effectual mode, would be a measure of mutual interest and advantage, I do not suppose that your suggestion in the fourth article would be objected to by Government, provided the necessity, or at least the expediency of such an interference, on the part of the Public, is made obvious and apparent, and provided, also, that sufficient security is afforded for the punctual payment of the interest, and of an adequate sinking fund, for the liquidation of the principal of any sums advanced for that purpose. I need not remind you, however, that any such aid from the Public will be unavailing, and the relief af-

fording by it will be temporary and delusive, unless by the zealous exertions of your Governments abroad, and the minute and detailed investigation and unremitting attention of the Court of Directors, the ordinary expenditure in India, including the interest of debt, shall be brought within the limit of your annual income. The most sanguine expectations of a result even more favorable, and of a large surplus revenue above your ordinary expences in time of peace, have recently been conveyed to you by Lord Minto ; but I trust that the Court of Directors will not be induced by those hopes, however well founded, to relax in their exertions. Every item of those, or any other estimates, which the Court may exhibit, must be strictly scrutinized and compared with the actual results of former years, and with the detailed account of any reductions which may have been ordered or carried into effect.

5th. I can have no hesitation in acceding, with some limitations, to the principle for which you contend in your fifth article. It is absurd and unreasonable to suppose, that the East-India Company, out of their own revenues, can long maintain a contest against the power of France, aided by the greater part of Europe and a large portion of Asia. If the principal theatre of the war between European nations is to be transferred to Hindostan, it must be supported, to a considerable extent, by European resources ; and if our empire in India is an object worth preserving, this country must contribute to its defence, against any attack of the description which we have been taught to expect. The extraordinary expences incurred in the necessary preparations for such a warfare, or in the actual contest, ought not, in justice, to be imposed as a burthen on the Company alone, even if they were able to sustain it.

6th. I am not aware of any reason for extending the duration of the Charter beyond such a limit, as, with the unexpired term, will be equal to the period granted in 1793 ; but I state this merely on the first consideration of the subject : and if the general question is to be discussed, I shall pay due attention to any suggestions which the Court may think it right to offer on that particular point.

Having thus adverted, at greater length perhaps than was necessary, to the various topics introduced into your letter,

letter, I shall proceed to state such observations as appear to me necessary to be submitted to the consideration of the Court of Directors, for the purpose of enabling them finally to decide, whether, under the circumstances of the present situation of the Company's affairs, and of the expectations which will probably be entertained by the Public, and sanctioned by Government, they will adhere to their intention of applying now to Parliament for a renewal of the Company's Charter.

It will readily occur to the Court, that whenever an opportunity is afforded of deciding in Parliament on the propriety of continuing in the Company any privileges of a commercial nature, it will be important to consider, whether the system established by the Act of 1793; for the trade of private individuals between Britain and India, has answered the expectations, or fulfilled the intentions of the Legislature. It is wholly unnecessary for me, at present, to enter into any detail of the various discussions which have taken place on that subject. The arguments on both sides of the question must be familiar to the Court, and the opinions of those persons who have turned their attention to it, have, in all probability, been long since fixed and settled: it is fit, therefore, that the Court should now understand distinctly, that I cannot hold out to them the expectation, that His Majesty's Ministers will concur in an application to Parliament for a renewal of any privileges to the East-India Company, which will prevent British merchants and manufacturers from trading to and from India, and the other countries within the present limits of the Company's exclusive trade (the dominions of the Empire of China excepted), in ships and vessels hired or freighted by themselves, instead of being confined, as at present, to ships in the service of the Company, or licensed by the Court of Directors. In the detail of any legislative provisions which it might be expedient to enact on this subject, it would be absolutely necessary to guard against the abuses which would arise, from facilities thus afforded to persons attempting to settle and reside in the British territories, without a license from the Company, or without the sanction or knowledge of the local Governments.

There are various other points to which it would also be necessary to pay due attention, not only as being

important to the Company and to the general trade of the country, but essential to the security and easy collection of the public revenue. It would obviously, however, be premature, on this occasion, to enter into any further detail, and I have confined myself to a mere statement of the general proposition.

Another point, which would probably be deemed indispensable, is an alteration in the military system in India, for the removal of those jealousies and divisions, which have unfortunately been too prevalent, between the different branches of the military service in that quarter, and which must, at all times, be highly prejudicial to the public interest; and for the correction of the anomalous system of divided responsibility, which prevails at present in this country, in every thing that relates to the military defence of India. The only effectual remedy for these evils will, probably, be found in arrangements for consolidating your Indian army with the King's troops, founded upon the plan so strongly recommended by Lord Cornwallis, with such modifications as the actual constitution of your service may render expedient or necessary. These arrangements need not be attended with any alteration in the system of promotion now in operation among the officers of the native branch of the service, or with any diminution (they might more probably produce an increase) of any other professional advantages which those officers now enjoy; neither would they, in any degree, interfere with the general authority now possessed by the Court of Directors and the Governments in India over all His Majesty's forces serving in those parts, or with their control over all disbursements of a military nature. I am, moreover, not aware of any reason against continuing in the Court of Directors the nomination of all cadets, destined to hold commissions in the Indian army.

Having thus stated to you, for the consideration of the Court of Directors, the principal points to which I was desirous of drawing their attention upon this occasion, I have only to assure you, that it will be the earnest desire of His Majesty's Government to suggest to Parliament such a system only, as shall be conformable to the principles on which the regulations of 1784 and 1793 were founded, as will secure to this kingdom all

the benefit that can practicably be derived from its trade with our possessions in India, and to the natives of those countries a government, and an administration of laws, suited to their customs, habits, and prejudices, and consistent with the British character, and which shall also be strong and efficient, without adding unnecessarily to the authority of the Executive Government at home, or increasing, to any dangerous extent, the influence of the Crown.

I have the honor to be, Gentlemen,

Your most obedient humble servant,

(Signed) ROBERT DUNDAS.

To the Chairman and Deputy Chairman

of the East-India Company.

Draft of a proposed letter, in reply, prepared by the Committee of Correspondence, was also read.

Resolved, That the said draft be taken into consideration on Tuesday next, the 17th instant.

No. VII.

At a Secret Court of Directors, held on

Tuesday, 17th January, 1809.

The draft of a proposed letter to Mr. Dundas, which was read the 13th instant, being again read ;

unanim That this Court approve the said letter.

No. VIII.

LETTER from the Chairman and Deputy Chairman to the Rt. Hon. Robert Dundas, noticed in the preceding Minute.

Sir, *East-India House, 13th January 1809.*

The letter which you did us the honor to address to us, on the 28th of last month, on the important subject of a renewal of the Company's Charter, has received the most serious consideration of the Court of Directors, and we are, by their unanimous resolution, instructed to submit to you the following answer to it.

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The Court having, in the letter which we had the honor to address to you on the 16th of last month, thought it sufficient to sketch the outlines of those principles and propositions which should, in their opinion, form the basis of a new Charter, and the reply you have been pleased to make to it, declaring the same intention of stating observations merely preliminary, and "not the result of any plan, or projected system, matured in concert with His Majesty's confidential Servants," our present letter will abstain from any discussion of minor points, those especially relating to the proceedings of the Court of Directors with servants of the Company returned from India, to which article your letter is understood to allude; and likewise from some other points, connected with the exercise of their authority at home, which may be found to require revision and modification. Neither can it be necessary to go now into the subject of the Indian Expenditure, although it is impossible, after the notice taken of it in your letter, to omit saying, that the Court feel with the liveliest solicitude, how indispensable it is to reduce that article far below the income, and are determined to act accordingly.

The attention of the Court will, therefore, be confined, at present, to two propositions of the highest importance, contained in your letter; the one suggesting such an enlargement of the trade of individuals with British India, as shall admit into it indiscriminately the merchants and the ships of this country; and the other, the transfer of the Company's Indian army to His Majesty. If these propositions had not been accompanied by the declaration with which your letter concludes, they would have filled the Court with the deepest concern; but you are pleased to close the whole of your observations with an assurance, "that it will be the earnest desire of His Majesty's Government to suggest to Parliament such a system only, as shall be conformable to the principles on which the regulations of 1784 and 1793 were founded, as will secure to this kingdom all the benefit that can practicably be derived from its trade with our possessions in India, and to the natives of those countries a government and an administration of laws, suited to their customs, habits, and prejudices, and consistent with the British character, and which

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“ shall also be strong and efficient, without adding unnecessarily to the authority of the Executive Government at home, or increasing, to any dangerous extent, the influence of the Crown.” Satisfied, by this declaration, that His Majesty’s Government understand the interests of this country and of British India too well, to intend any alteration that would subvert or endanger the system by which those vast possessions have been acquired, governed, and improved, and by which alone they can be held, to the mutual benefit of their immense population and of the paramount state, the Court must, of course, believe, that the propositions which have just been quoted, are supposed to be compatible with the continuance of that system, or reducible to a consistency with it. These suppositions the Court are now called upon to examine, and they will endeavour to do so with the respect due to the authority with which they have to treat, with the duty which they owe to their constituents, and with that regard for the interests of their country, which they do not intend, nor feel themselves required to sink, in supporting the integrity of the present Indian system.

If either of the two propositions, respecting the Indian trade and the Indian army, were to be acted upon, in the sense which the terms of it seem obviously to convey, the Court have no hesitation in declaring their decided conviction, that it would effectually supercede and destroy, not merely the rights of the East-India Company, but the system of Indian administration, established by the Acts of 1784 and 1793 ; and with respect to the latter proposition, for the transfer of the native army, it appears to be incapable of any modification, which would not still make the overthrow of the present system the certain consequence of it. The Court will take the liberty to state the reasons on which these opinions are founded, with as much fulness as the bounds of a letter, and the dispatch necessary at this period, will permit, premising only, that in the time and space to which they must now confine themselves, many things, belonging to the consideration of both subjects, must be omitted.

With respect to the Private Trade, the Company are not governed by narrow considerations of commercial profit or commercial jealousy ; and, in fact, the Indian trade,

trade, as an object of gain, has gradually ceased to be of importance either to the Company or to individuals.

The admission into it already accorded to British residents in India, with the prodigious increase of the cotton manufactures of Europe, the changed circumstances of the European Continent, and the almost incessant wars which have prevailed for the last sixteen years (wars still without any near prospect of termination) have reduced the value of that trade to a very low point. The Court are actuated by a thorough persuasion, that the unlimited freedom, for which some persons have, of late years, contended; would have political consequences more injurious to the power of this country and of British India, than the advantages anticipated by sanguine minds, from an enlargement of the commerce, could compensate, if those advantages were to be realized; and that, moreover, the expectation of such advantages is unfounded, resulting from general presumptions, which are contradicted by the nature of the Indian people, climate, and productions, and by the experience of more than two centuries.

In any scheme of intercourse, purely commercial, between this Country and India, the leading objects must be to export as many as possible of our home manufactures, and to import those commodities, which would either beneficially supply our own consumption, or the demand of other countries, European or Transatlantic: and it is, no doubt, imagined by many persons, that if the trade to India were perfectly free, these objects could be attained, in a degree extending far beyond its present scale. The ardour of individual enterprize, it will be thought, could find out channels, which the settled routine of a Company cannot explore, and carry on commercial operations more economically and expeditiously than suits with the habits of monopoly, whilst our most active rivals in the Indian trade would thus be best counteracted. The present times, it will also be said, peculiarly demand new attempts and discoveries in commerce, and His Majesty's Government may very naturally wish, at such a crisis, to procure for the country every possible facility for the exertion of its commercial spirit, and the employment of its commercial capital. But before a change in its principle altogether novel, and obviously connected with national interests, of the

highest importance, is adopted, it ought to be seen, not only on what rational grounds the expectation of advantages entertained from it rests, but to what consequences so material a change might expose the country and its Indian dependencies.

Now, with respect to the benefits supposed to be derivable from opening the trade with India, it is, in the first place, to be observed, that no material enlargement, if any enlargement at all, is to be expected in the exports of our manufactures to that quarter. The records of the Company, for two centuries, are filled with accounts of their endeavours to extend the sale of British products in India, and of the little success which has attended them. The French, Dutch, and other European nations trading thither, have equally failed in introducing the manufactures of Europe there. This was not owing to their trading chiefly in the form of Companies; the Americans, who within the last twenty years have entered into the Indian commerce, and traded largely, not as a Company, but by numerous individuals, each pursuing his own scheme in his own way, in which course no part of the East is left unexplored, carry hardly any European manufactures thither, their chief article for the purchase of Indian goods being silver; and such has been the state of the trade from Europe to India since the time of the Romans. This state results from the nature of the Indian people; their climate, and their usages. The articles of first necessity their own country furnishes, more abundantly and more cheaply than it is possible for Europe to supply them. The labour of the great body of the common people only enables them to subsist on rice, and to wear a slight covering of cotton cloth; they, therefore, can purchase none of the superfluities we offer them. The comparatively few in better circumstances, restricted, like the rest, by numerous religious and civil customs, of which all are remarkably tenacious, find few of our commodities to their taste, and their climate, so dissimilar to ours, renders many of them unsuitable to their use; so that a commerce between them and us cannot proceed far upon the principle of supplying mutual wants. Hence, except woollens, in a very limited degree, for mantles in the cold season, and metals, on a scale also very limited, to be worked up by their

own artizans for the few utensils they need, hardly any of our staple commodities find a vent among the Indians ; the other exports which Europe sends to India being chiefly consumed by the European population there, and some of the descendants of the early Portuguese settlers, all of whom, taken collectively, form but a small body, in view to any question of national commerce.

What is here said does not relate only to those parts of India where the Company have settlements or factories, but to all the shores that embrace the Indian Seas, from the Gulfs of Persia and Arabia to the Eastern Archipelago. Many advocates for a free trade may suppose, that in so vast a range, numerous positions, favorable for the vent of European commodities, are still unexplored ; but they are not aware, that in the British settlements, which themselves extend on the west to Cambay, and on the east to China, there are a number of merchants, native and European, who carry on what is called the coasting trade of India, with great spirit, sending their ships to every mart, insular or continental, where any profitable commodities can be either sold or bought. At all those marts, European commodities have been tried by the enterprise of individuals. The little demand that has been found for them has been supplied ; and residents, settled in India, can carry into such parts the trade in European commodities, which it is now open to them to receive from this country, with more facility and advantage than merchants settled in England.

To these facts and observations, arising from the nature and circumstances of the people and countries of India, one remarkable argument may be added, furnished by our own experience at home. In the Charter of 1793, provision was made for the export of British manufactures to India, by any individuals who might choose to embark in that trade. The Company were required to find them tonnage to a certain extent, which has always been allotted at a rate of freight cheaper outward, as well as for the return, than the Company themselves pay, or, as the Court think, than private ships could furnish it. But, in all the time that has elapsed since, very few applications, and these to a small extent, have been made, for leave to export the woollens, metals, and other staples of this country, on private account, the chief applications
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having been for the freight of wine, for the consumption of Europeans: and this is not properly a British production, nor is it so much an increase in the trade, as a transfer of it to the private merchants from the commanders and officers of the Company's ships, part of whose advantage used to arise from being the carriers of this commodity.

All these circumstances, to which other corroborations might be added, the Court trust will fully evince, that the entire opening of the Indian trade to the merchants of this country, would not, in reality, extend in any considerable degree, if at all, the consumption of British manufactures.

Let it be inquired, in the next place, whether the adoption of so great a change in our Indian system, would be followed by the discovery of such new and valuable productions of the East, as would serve materially to augment the trade of this country with the Continents of Europe and America; for, with regard to the supply of our home consumption of Indian commodities, it cannot be asserted, that the importations already made by the Company and individuals do not abundantly suffice for it, or may not, at any time, be extended to the exigencies of the market; in which, it may be noted, that a preference is given to the cotton and silk manufactures of our own country, and to some of the tropical productions brought from our West-Indian Colonies. Nor can it be asserted, that new adventurers in the Eastern trade, sitting out from Great-Britain, could, with any profit to themselves, furnish the home consumption on cheaper terms than it is now supplied; for both the Company, and British individuals resident in India, must have an advantage over such adventurers in the provision of goods there (British residents in the freight also), and yet, of late, the great Indian staple of cotton piece goods has been a losing article in this country.

Now, as to the productions of India valuable for foreign commerce, the trade of Europeans, of different nations, to all parts of it, in the course of the last three centuries, may well be presumed to have left little for discovery in that way. The Portuguese, who, in their early time, spread themselves along all the shores of the East, explored every considerable part of it, and they were followed

by the Dutch, English, and French Companies, with their numerous establishments, some of which extended inland to the Upper India. But the modern European merchants, resident in the East, who have long been the chief navigators and adventurers in what is called the coasting trade, have become well acquainted with the commercial capacity of every region washed by the Indian Seas; so that many countries supposed here to be little known, because little visited by the ships of Europe, are familiar to them, and whatever articles those countries furnish, valuable for the commerce of the West, are already conveyed, through the medium of private or foreign trade, to Europe.

The chief commodities suited to the European market, which India has hitherto been found to produce, are spices, pepper, drugs, sugar, coffee, raw-silk, saltpetre, indigo, raw cotton, and above all, cotton manufactures of singular beauty and in endless variety. These last have, as already intimated, formed, from time immemorial, the grand staple of India; but from the rise and excellence of similar manufactures in Europe, particularly in our own country, and from the general impoverishment which wars and revolutions have brought upon the Continent of Europe, with the obstructions opposed, in much the greater part of it, to our commerce, the consumption of the fine fabricks of India has considerably decreased, and it is not likely that it can be restored to its former standard. Spices, sugar, and coffee, have been furnished chiefly from the Moluccas and Java, Dutch islands not in our possession, nor, in a commercial view, worth the expense of conquering and keeping them. The cinnamon of Ceylon, now ours, may be brought, in sufficient quantity for the supply of all Europe, in one or two of the Company's ships. Pepper is a very losing article. Sugar has been, of late, imported from our territories; but the necessary expense of conveyance from so great a distance, prevents it from being profitable, and it can be much encouraged only at the expense of our West-India colonies. Raw silk and indigo, now produced in great perfection in Bengal and its dependencies, have been brought to that state, by the expense incurred, and the support afforded by the Company. Both are articles occupying
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little space, in proportion to their value. The factories where the former is collected and prepared are in the hands of the Company, who have, in the course of many years, established them with great labour and expense. They can furnish not only all the raw-silk this country requires, but much for the consumption of the Continent, if it was possible to bring it there into competition with the raw-silk of Italy, and the tonnage already employed by the Company is quite sufficient for its importation from India. The indigo produced in Bengal and the adjacent Provinces is equal, probably, to three-fourths of the demand of all Europe, and may easily be raised to the whole demand; but the manufacture of this article is entirely, and the trade in it chiefly, in the hands of individuals, who need and require no shipping from this country, except what the Company provide, to convey to Europe, all that Europe can consume of it. Saltpetre, furnished only from Bengal, is, for political reasons, prohibited to foreigners, and exported exclusively in the ships of the Company: for the same reasons, it could never be prudent to allow the private ships of this country to carry it away at pleasure. Where then is the scope for the admission of new shipping and new adventurers, without limitation, into the trade of India with Great-Britain? In general, it may be observed, that the commodities which have hitherto come from that country, in a state prepared for use, such as the great staple of cotton piece goods, being articles of luxury, can have only a limited consumption, and that the demand for them could not be increased, at all in proportion to the number of new competitors that should enter into the trade. The same may be said of all kinds of spices and drugs, which, from their nature, have a limited consumption; and, with regard to the important articles of raw-silk and indigo, which require a further preparation before they are used, there is already abundant provision made for their importation, to the utmost extent of demand.

There remains then to be considered, of all the commodities above enumerated, only the raw material of cotton; and to this may be added another, of high importance, which India is in time likely to produce abundantly, namely, hemp. Now, with respect to the former

mer of these, the Company have formerly imported it, and permitted private merchants to do so; but it was found, that the cotton of India could not enter into competition with that produced nearer home, in the Brazils, the West-Indies, and North America. Of late, since the interruption of our trade with the last mentioned country, the Company have themselves commissioned cotton from India, and have been willing to encourage individuals to export it from thence; but that it can support a competition with the cotton of Georgia, when the American embargo is taken off, or become an article of extensive demand in this country, supplied with it from so many nearer quarters, is not very likely. The culture of hemp in India is yet in its infancy. A change in the circumstances of Europe may check it; but if it is not checked, years must elapse, before the quantity produced can form a considerable article of exportation. And with regard to both these commodities of cotton and hemp, it is to be observed, first, that cargoes for Europe cannot be composed of them only, some other, more ponderous for its bulk, being necessary for dead weight, and sugar, almost the only article of this nature that India can supply, must generally be rather a losing one: secondly, it is to be observed, that the private ships ready to be employed in India, must be abundantly sufficient for the supply of all the tonnage that can be required for these articles, which could hardly absorb any very large amount of capital. Thus, then, it is also apparent, that the country and productions of India afford no new field of importance for the commercial enterprize of the merchants of Great Britain.

But were it indeed otherwise, where, in the present circumstances of the European Continent, could new commodities, imported into this country from India, find a vent, when many of those already made, and of articles which the Continent used to take off, remain in our warehouses? And hence may appear the inapplicability of that argument, which has sometimes been urged in favor of enlarging, or rather opening the Indian trade to individuals, "that they should be allowed to bring home *the surplus produce of India* which the Company did not require." There can be no room for additional

additional importations, when the ordinary scale proves too large. But in the use of this plausible plea, respecting *surplus produce*, there was always a great fallacy. It seemed to imply, that there was a stock of commodities in India which continually remained undisposed of, whereas nothing is more evident, than that the productions of any country will be regulated by the demand, and that no agriculturists or manufacturers will go on from year to year to produce that for which they have no sale. The term, as connected with the Company, might also convey the idea, that *they* were the only purchasers in the country ; whereas, at that very time, British residents and foreign nations had the privilege of exporting goods to the western world, and there was a great coasting and internal trade from one part of India to another. But the argument for permitting individuals to export the surplus produce, included fully, though not professedly, the principle of transplanting British capital to India, in order to raise produce there ; a principle which, it may be thought, this country has already carried sufficiently far in its other distant dependencies, and which could not be applied to India without political consequences.

But it has been alleged, that the refusal of the Company to make a concession, which appeared to them to be claimed on unsound premises, and to be pregnant with danger, threw that trade, which might have been brought into the Thames, into the hands of foreigners, particularly the Americans, whose great progress in the Indian trade, of late years, has been charged to an erroneous policy on the part of the Company. Nothing can be more mistaken than the whole of this statement. Several European nations having from the native sovereigns of India the right of possessing settlements and carrying on trade there, a right which we had confirmed, we could not interrupt the exercise of it whilst they remained at peace with us ; nor, therefore, divert from them whatever portion of the trade their means enabled them to embrace. And, with respect to the Americans, they owe their advancement and success in the Indian trade to the treaty made with them by our Government in 1794, to the belligerent state of Europe since that time, and,

and, above all, to the neutral character they possessed, which enabled them to navigate more cheaply, more expeditiously, as well as more safely than our merchants or the Company could, and to supply many parts of the European Continent and of South America, to which our ships had no access. These, with the increase of the consumption of eastern commodities among themselves, are the true causes of the growth of the American trade with India; and even the abolition of the Company's privileges would not have transferred the share they acquired of it to our merchants, because it could not have lessened the advantages under which the Americans then carried it on, nor have gained us either the supply of their internal demand, or admission to many ports which were open to them. What the Company could do, in the way of regulation, to reduce the inequality between the American traders and our own merchants, you know, Sir, was effected, as soon after the expiration of the treaty of 1794 as His Majesty's Government thought expedient.

Among the speculations of the present day, the idea may perhaps be suggested, of carrying the productions of India directly to the ports of Portuguese and Spanish America; and eagerness for relief from the pressure which our commerce now feels, may be ready to make so great a sacrifice of the navigation laws. But such a measure would essentially exclude the mother country from being the medium and emporium of our Indian trade; and whilst it served to enrich India, rather than Britain, would facilitate the progress of the former to independence. If, however, so dangerous an innovation were not adopted into our commercial code, it is altogether probable that English ships, admitted without limitation into the Indian Seas, would take the liberty of sailing to those markets which would be thought the most promising; so that, in effect, the opening of the Indian trade would be not solely or chiefly for this country alone, but for other, perhaps for all parts of the world.

Having thus shewn, that the opening of the Indian trade to the subjects of Great Britain could not materially increase, either the export of the manufactures of this country, or its commerce in the productions of India,

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it will next be proper to consider, what the effects of the proposed change would be upon the East-India Company and upon British India.

And, in the first place, it would, in substance and in form, entirely abolish the qualified monopoly which the Company still enjoys of the Indian trade. The admission of all private merchants, at their pleasure, and of their ships, into that trade, would make it as perfectly free as the trade to our American or West-Indian colonies. There would, as to India, be an end of all exclusive privilege of trade. This would not be any modification of the Act of 1793, but an essential departure from it. That act permitted only the export of British manufactures, and intended only to provide for the returns to them, and for *the remittance, in goods, of British fortunes from India; both on the ships of the Company.* The proposed measure must, in the nature of it, make the trade from India not merely a vehicle for the remittance of fortunes acquired there, or the produce of British manufactures, but a general trade; and what is a still more radical change, instead of a limited amount of tonnage not incompatible with the Company's system, it admits all ships, without any limitation, or option on the part of the Company: it throws all India open to these ships, and thus sets aside the Company from being the sole channel and medium of the trade, through their own shipping, or shipping engaged by them, which completely divests them of the last remnant of exclusive privilege in that trade.

It would be no argument to say, that in a trade, by which they now gain little, they might admit, without much sacrifice, the rest of the commercial world to share.

The loss of the Indian monopoly, such as it was left by the Act of 1793, would lead, by no slow process, to the entire subversion of the Company, both in their commercial and political capacity, and of that system which the Legislature has appointed for the government of British India, of which system the Company forms an integral and essential part.

If the Indian trade were thrown open, ships would, at first no doubt, swarm into it, and there would be a ruinous competition in the markets, both abroad and at home. Goods would be enhanced in cost there, as

well as deteriorated in quality: the selling prices at home, already too low, reduced still lower, and the market overstocked. This was the effect, in some measure, produced by throwing open the trade in the time of Oliver Cromwell, who, after the experience of a few years, revived the Company. The same effect followed from the collision of the Old and New Companies, in the beginning of the last century, which forced them to unite, and their union received the sanction of Government. It is not sufficient to say, on this head, that increased demand abroad will produce increased supply, and the diminished price of goods at home increase the sales, so that things will, at length, in both countries, find their due level. From the nature of the Indians and their division into castes, it is not so easy among them, as in Europe, to meet an increased demand by increased production; and it is still less easy, when they can subsist by furnishing things of low or ordinary quality, to make them aim at excellence, which the supposition of increased sales at home would require. But of such an increase, in the present and prospective state of the trade in Indian imports, enough has been above said to shew the improbability; and before that supposition could, in any case, be realised, the ruin of the parties immediately embarked in the trade (a trade so distant, requiring large capitals, and making slow returns) might be completed, with the ruin also of the Company, whose establishments would have been deranged by this great change. If the change itself did not occasion the fail of the Company, the disappointments, which the private adventurers could not fail to experience would, by them, be charged to the influence of the remaining privileges of the Company, and they would not rest until the whole were extinguished. But it may be observed here, and it is an observation which might be urged more formally and fully, that although the Company have the justest claim to those territories, which the powers vested in them by the laws of this land, the ability of their servants, and the hazards they have encountered, have enabled them to acquire, and that this right was never questioned, until the acquisitions, and consequently the merit of making them, became great; yet that, in a more peculiar sense, all the principal marts and factories of British

ish India are their property, acquired in their purely commercial period, either with their money or by grants from the native princes of the country, and that the power of admitting settlers and traders to them strictly belongs to the Company.

One part of the present system, and a beneficial one for all parties, is to have only one place of sale for Indian goods, that is London; to make all sales by public auction at stated periods, and these sales to be regulated and conducted by the Company. With the proposed enlargements, it would seem hardly possible to continue that practice. Different towns would have their own sales, at their own times. Individuals might frequently chuse to dispose of their goods by private bargain. The general resort of buyers which the sales were wont to bring to London, a resort often productive of other commercial speculations, would thus be at an end; and the benefit derived from public auction, when that was the sole mode, would be lost, in the midst of many private sales and competitions: but to dispose of the goods of the Company by private negotiation, might open a door to many abuses, which would render that mode totally unsuitable for their business. The Company, with such a competition, could not go on to purchase the goods of India. With the cessation of their Indian trade, their Indian subordinate factories, which have been reared in the course of more than a century, and which are the seats of the best manufactures produced in the country, must be abandoned, and all the commercial branch of their civil servants be thrown out of employ. Their purchases of goods at home, for the Indian market, must also cease, with the circulation of money which has enabled them to support their credit in England, and to provide for the payment of bills, which it has been long and necessarily the practice to draw on them from India; a practice which, under such a change of circumstances, could not be continued: and, in general, the great aid which the political affairs of British India have, at all times, derived from the commercial credit and resources of the Company with the reciprocally beneficial co-operation of the different parts of the Company's system, must thus be destroyed. In like manner, the Company must cease to employ the numerous class of
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excellent ships they have engaged for the Indian trade, ships constructed for warlike defence as well as for commerce, and rendered expensive only, by being necessarily destined and fitted for the performance of political services. Those ships the Company have contracted to employ for the term of their duration: there is a large capital embarked in them, and they can be employed in no other way than in that for which they were built. When they can no longer be kept up, the means of conveyance they have hitherto so well afforded for troops, and the large supplies of naval and military stores annually sent to India, must be lost.

But there is no reason to believe the evils would end here. The monopoly of the China trade, which it is proposed to continue, would not be safe. British ships, when permitted to range at pleasure through the Indian seas, however interdicted from that trade, would attempt to participate in it, either by resorting to it as the country ships do, under color of carrying on the coasting trade, or by other means obtaining teas, and the other productions of China, at the most convenient Indian ports. Love of gain, disappointments in other ways, the hope of impunity, would stimulate their conductors to break through restrictions imposed in this country. British subjects, who now navigate the Indian Seas, sail from some one of our established settlements there, and are amenable to the laws of it: it would not be so with men having no domicile in India. In ranging the numerous islands and coasts of the Eastern Seas, where they would be unknown, and whence they could not be followed to England by complaints, the probability of impunity might tempt them to commit upon the weak natives, accustomed to repose confidence in Englishmen, acts of injustice and licentiousness, which would wound the national character, raise complaints throughout India, and set the people against us. In this manner the Portuguese formerly rendered themselves odious in the East, and contributed to the downfall of their own power. In China, where the effects of such a spirit would be most to be feared, we could exercise no authority, sufficient to controul men not within the reach of the Indian Governments, or to defeat their schemes and associations for eluding the laws. Practice would embolden them, and time increase their numbers. It is hardly conceivable they would not venture upon irregularities which
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would offend the Chinese Government, who, whilst the delinquents escaped to England with impunity, would doubtless take satisfaction of the national factory; and the pride and jealousy of that government, alarmed by repeated instances of this nature, from the desultory visits of a new order of Englishmen, insubordinate to the representatives of the nation, might determine to dismiss the whole together. If this extreme case be not supposed, which however is too probable and too momentous in its consequences to be hazarded, can it be doubted, that whilst the duties on tea continue at even the fourth part of what they are at present, private English ships adventuring to the Eastern Seas will not, by means of country vessels and intermediate ports, if by no other means, procure teas, and revive the practice of smuggling them into this kingdom? The consequence seems inevitable, and the ships of our own country, especially if allowed to chuse their port of discharge, as the proposed change seems to require, would have facilities, which those of foreign Europe or America could not command. In these ways, the China monopoly of the Company, reduced in its profits, would be rendered likewise insecure, and in the end untenable; and the noble fleet of ships, employed in that trade by the Company, must be also laid aside. How the immense revenue, now derived by Government from the very high duties on tea, could, under such circumstances, be realized, or a substitute found for them, may be an important, and, to all appearance, a most difficult subject of enquiry.

But a more serious consequence than all these would still remain. A free trade to India would, unavoidably, draw after it the residence of numerous and continually increasing Europeans there, whatever prohibitions might, at first, be opposed to their settling in the country. When all restraint to the importation of ships and goods is taken off, men must be allowed to follow their property, and to remain at the place where they land it till they have disposed of it: they must be allowed to navigate the Indian Seas, and to return to the same place when their business calls them: they will thus, insensibly, and with hardly reasonable grounds for opposition, domiciliate themselves; nor would an unsuccessful trade prevent them, but many would seek to indemnify themselves on shore

shore for their losses by the voyage. The instances of such settlements will be numerous, and it will be impossible for any police to follow up the cases of individuals, and continually to exercise a rigorous system of exclusion. This has not hitherto been done, though attended with comparatively little difficulty; and the attempt would soon, under the new order of things, be abandoned as hopeless. Colonization must, in such case, follow. Large communities of Europeans will struggle for popular rights: new feelings with respect to the mother country, new interests and attachments will then spring up; and in a region so remote, so rich and populous, and so accustomed to yield to the ascendancy of the European character, the tendency and process of these things cannot be difficult to conceive.

With the prospect of all these consequences, commercial and political, before the Court, it is impossible that they, as faithful guardians of the interest committed to their care, or as men truly solicitous for the welfare of their country, which they profess themselves to be, can advise their constituents to seek a renewal of their Charter, on conditions which would despoil it of all its solid advantages, deprive the Company of their most valuable privileges, and incapacitate them from performing, for themselves and the nation, the part hitherto assigned to them in the Indian system. Such a further enlargement of the Indian trade, in favor of individuals, as may be compatible with the preservation of these essential objects, the Court will, in present circumstances, certainly be disposed to recommend. They will be ready to enter into a serious enquiry concerning the concessions which may be made, without trenching upon the principles established by the Act of 1793; and they trust that the justice and wisdom of His Majesty's Ministers will not require the Company to make essential sacrifices, for the sake of giving to the Public what would, after all, be more an ideal than a real benefit, and be, in other respects, productive of incalculable disadvantages.

The other important proposition which is next to be considered, is the transfer of the Indian Army to the King. The reasons assigned for this proposition are, that an end may be put to the jealousies and divisions which have too much prevailed, between the officers of
His

His Majesty's army and those employed by the Company, and that the responsibility in the country, of providing for the military defence of India, may be ascertained and strengthened.

The Indian army is the main instrument by which the Company have acquired and retained the territorial possessions they have added to the British Empire. The people of those countries submitted more easily to an authority exercised by means of a body formed from among themselves. We fought battles and governed provinces as the native powers did ; and our new subjects, undisgusted with the sight of a foreign conquering army, supposed the government to continue substantially the same, and the principal change to be in the individuals who exercised it. The constitution and character which this Indian army has acquired, have been the subject of just admiration. These have been owing, essentially to the happy mixture of bravery and generosity, of firmness and kindness, exercised towards the Sepoys by their European officers. The superior lights and energy of the European character have directed the powers and conciliated the prejudices of the native troops ; but it was because the officers knew the people and their prejudices well. These officers had been trained up among them from an early age : the nature, the usages, and the language of the natives, were become familiar to them ; and the natives, remarkably the creatures of habit, in return, from being accustomed, became attached to them. Without such knowledge, however, on the part of the officers, they might every day have revolted the minds of so peculiar a race, and have alienated them from our service and government.

An Indian military education, from an early age, is essential to the formation of a good Sepoy officer, and gradual rise in the service by seniority, is no less indispensable. In this way, the Indian army has been constituted and rendered eminently efficient ; and all measures, tending to change or weaken the constituent parts of this fabric, are to be deprecated. When, excepting a few regiments of European artillery and infantry, the whole military force of British India was composed of Sepoy corps, the officers of that army, of course, possessed entire the emoluments and advantages which the service
afforded

afforded. The introduction of European troops from His Majesty's army into India altered this state of things. Young officers, of no Indian experience, who had obtained their commissions by purchase, took rank of men of long and tried service: the King's officers were thought to come in, also, for too large a share of employments and advantages. To redress the complaints which the Company's officers made of supercessions and partialities, and to give them a better share of the benefits of the service, was the leading object of Lord Cornwallis's Military Plan of 1794, and with him a principal motive for proposing to transfer the Indian army to the King, no other practicable means having then occurred to him. But the object was, in substance, attained by the Military Regulations of 1796, passed in concert with His Majesty's Government, without that transfer, of which his Lordship did not revive the idea on his last return to India, those regulations having given increased rank and retiring pay to the officers of the Company's army. The causes of complaint, however, did not entirely cease. To avoid the collision of authorities, the Company had adopted the usage of appointing the Commander in Chief of the King's troops, also their Commander in Chief; and one consequence of this has been, that the Company's officers, resident from early youth in India, possessing little influence in England, unknown to officers of high rank in His Majesty's service, have thought themselves treated with less favour and distinction, than younger officers of that service recently arrived, but better patronized. You know, Sir, that there have been instances of this sort, which the Court, with the sanction of your Board, have interposed to repress: but as long as the British force in India is made up of two armies, so differently constituted, with so large a portion of King's officers; the whole commanded by generals of His Majesty's service, there will, probably, be real or apprehended ground for the like complaints. They do not arise because one army has the honour to belong to His Majesty and the other serves the Company, but because the constitution of the two armies are radically different, and must continue so, whether the armies are under one head or two. The Indian army cannot be maintained without officers attached to it from an early age, and rising by seniority. Frequent changes of King's regiments

ments serving in India, and the consequent frequent arrival of young men, promoted in them by purchase, cannot be avoided: the former class will be comparatively unknown to the King's commanders, the latter will have among them the connections of those commanders, or of men of influence in England. It is not difficult to see, therefore, to which side the exercise of military patronage will lean; and to prevent causes of complaint, and to keep the balance even, must be an important object in the Government of India. It does not seem the way to effect this, to put the Indian army wholly in the power of the Commander-in-Chief. It is of the partiality of that station of which the Company's officers have sometimes complained; and the Court see no reason whatever to suppose, that their jealousy and dissatisfaction would be removed, by putting them entirely under its control: and, indeed, by placing two armies, of such different races and so differently constituted, under the same master, it would seem difficult to avoid attaching the idea of permanent inferiority to that which was Indian. Nor is it a thing to be taken for granted, that the Sepoys, so much, as already observed, under the influence of habit, would chuse to be transferred from that service to which they have been always accustomed, to one of which they have little experience, and that experience not always of a conciliatory kind. To place the officers of the Indian army wholly under that authority of which they have hitherto complained, does not certainly appear to be the way to render them easy. It might, on the contrary, lead to serious discontent; and though the Court would be far from countenancing that spirit among their officers, or yielding to any irregular exertion of it, yet it must be said, on the other hand, that those officers are a body of men who have deserved too well of the Company and their country, to have real causes of discontent; and that it would be impolitic to adopt any system, likely to generate such causes, either among them or the men they command.

With regard to the other reason assigned for the proposed change, the Court beg leave to observe, in the first place, that they do not perceive the necessary connection between the inconvenience which is alleged, and the remedy suggested for it; since, if it were true that the question of responsibility in England, respecting the ap-

pointment of Commander-in-Chief, lay under an obscurity and uncertainty detrimental to the public service, it does not appear to follow that the Indian army ought to be transferred to the King, to remedy this defect. But, in the humble apprehension of the Court, no obscurity hangs over that question. The appointment of Commanders-in-Chief of the King's forces there rests with His Majesty, and the officer chosen by him will, by virtue of his commission, generally command the Company's army on service. The appointment of Commanders-in-Chief for the Company's army is placed, by law, in the first instance, in the Court of Directors, but with a power vested in His Majesty to annul such appointments. This necessarily points to an agreement between His Majesty's Government and the Court of Directors, in respect to those appointments, and the Court are not aware, that they have, on any occasion, used the share of power left to them by this arrangement, for the exercise of which they feel that they are responsible, to the prejudice of the public service. They must, at the same time, humbly express their opinion, that the law, as it now stands, is wisely conceived, since it does not halve the responsibility, but double it, making both His Majesty's Government and the Court of Directors fully answerable for the appointment of the Company's Commanders-in-Chief: and if it should still be said, that, in point of fact, the selection of a Commander-in-Chief for His Majesty's forces may be rendered difficult, by reluctance, on the part of the Court, to accept of the same officer for the command of the Company's army, it may be justly replied, that they make a sacrifice to the public interest, in agreeing that the Commanders-in-Chief of His Majesty's shall also be the Company's; and when he is not only to command their army, but expects to be made a Member of their civil and political Government, it cannot be deemed unreasonable, that they should possess the right of satisfying themselves as to his competency for filling those high offices: neither is it, as they think, to be shewn from theoretical reasoning, or by an appeal to facts, that the service will suffer, or has suffered, by their assertion of this right.

But the strongest objections of the Court to the proposed transfer arise from political considerations. They conceive

conceive the continuance of the Indian army in the hands of the Company to be essential to the administration of the civil, financial, and political affairs of British India, according to the present system. The Company's Government has hitherto been respected, both by its own subjects and foreign powers, because it possessed a great military force. Organizing this force, enlarging or reducing it at pleasure, appointing its officers, rewarding merit, punishing the unworthy, providing for the comfortable retirement of the veteran soldier and officer, and, in short, exercising all the functions of a governing power over a very numerous body of men of high military spirit, it has possessed all the respectability and the benefit of their attachment and fidelity. Looking upon the Members of the civil Government and the body of civil servants as belonging to the same master with themselves, and as the first order in the state, they have paid a willing obedience to their authority, and have thereby upheld their internal administration and their consequence abroad. The introduction of certain King's regiments has been understood, as it was intended, to be merely in support of the public interest under the existing system: but if the Company were to be divested of the whole of their military force and power; if they were to be no longer masters of a single regiment, no longer capable of entertaining any soldiers nor of giving one subaltern's commission; if the immense body of men, who have so long looked up to them, were to be transferred from them, the people must consider their power as fallen and drawing rapidly to a close. Continuing still to their Governments a general control over the employment of the army, and to their civil servants the internal administration of their affairs, would give the people no assurance to the contrary. Those servants, in the discharge of their different functions of judges, magistrates, collectors, could not expect the same respect and support, either from public opinion or the attachment of the native troops, as when all looked to the same head for protection, patronage, and reward. Indeed, to make so wide a separation of the military from the civil power; to take away the organization, the interior regulation, and with these, the patronage of the army, from the local Government; to place all those powers in the hands of the

Commander-in-Chief, subject only, in the exercise of them, to an authority at the distance of half the globe, would throw the means and the temptation of a dangerous ascendancy into the scale of the military department, which, constituted by His Majesty, might easily be led to slight the civil servants of a meaner master, and their chance of distant redress. Among the natives of India it has been usual to consider the military power, and those possessing it, as pre-eminent; and they see, in some examples of the present day, *that* power, under the idea of assisting the civil and political administration, actually controlling it. The Company's Government, in short, lowered and over-shadowed in this way, would not, in the opinion of the Court, continue to possess the authority necessary for the proper administration of the affairs of that great empire; and it might then be conceived, that a further change only could supply what was defective.

But this is not the only way in which the measure in question appears to the Court to be pregnant with danger. It proposes to place in the entire disposal of the Crown, a regular army, amounting to one hundred and forty thousand men, commanded by above three thousand European officers, having a great variety of places of honor and emolument; and all the vast patronage attaching to such an army (saving the nomination of cadets) would, mediately or immediately, be under the influence or control of some of the Members of His Majesty's Government. This would be a signal departure from the spirit and letter of the Acts of 1784 and 1793, a professed principle of which was, that the Indian patronage, civil and military, should be kept entirely out of the hands of the servants of the Crown. It is not for the Court to enlarge upon a proposition so momentous; but they beg leave, with the utmost deference, to state, that they would deem it a dereliction of their duty, to which no consideration could induce them to submit, to recommend any measure of this description to the adoption of their constituents. Knowing however, Sir, your concern for the promotion of the public interest, a concern which we have frequently witnessed, the Court still flatter themselves, that the consideration of the renewal of the Company's Charter, a measure which they believe to be for the interest of the nation as well as of the Company, will

go on without your insisting on this proposition, or any further on the other which has been above discussed, than may be really compatible with the preservation of the present Indian system.

We have the honor to be, Sir,
Your most obedient humble servants,
(Signed) EDWARD PARRY,
CHARLES GRANT.

The Rt. Hon. Robert Dundas,
&c. &c. &c.

No. IX.

At a Secret Committee of Correspondence,

The 28th February 1809. .

The Chairman and Deputy Chairman reported to the Committee, that in consequence of an invitation from the President of the Board of Commissioners, they had yesterday an interview with him, in which he discoursed with them on the present state of the negotiation for the renewal of the Company's Charter. He inquired, in the first place, whether the Company would have occasion to apply to the Public for pecuniary aid in the course of the present year. To this inquiry the Chairman and Deputy answered, that from an estimate lately made up of the Company's receipts and payments, till the month of January 1810, it appeared probable they might be able to do without any public assistance till that period; but that this could not be positively affirmed by the Chairs without further and more certain investigation. Mr. Dundas then said, that if the Company were not under a necessity of coming to Parliament this session on the score of their finances, he thought it would be expedient to delay the agitation of the subject of the Charter in Parliament till next session, because the Committee of the House of Commons for inquiring into the state of the Company's affairs, recently re-appointed, being about to examine into all the great branches of those affairs, which would necessarily engage the public attention on the renewal of the Charter, it would be expected by the House, that the reports of that Committee should be submitted to them, before the question of the renewal was brought forward, and from the number and weight of the subjects to be investigated,

investigated, it would be impracticable to report upon them, soon enough to afford sufficient time to the House to go through the consideration of them in the remainder of the session: it was, therefore, Mr. Dundas's opinion, that it would be advisable to postpone the agitation of the question until next session; but before he fixed his determination, he wished to receive the sentiments of the Chairs and the Committee of Correspondence on this important point, and those sentiments would probably influence him in shaping his answer to the last letter of the Court, dated 13th January 1809, on the renewal of the Charter. The Chairman and Deputy Chairman beg leave to state, that they, in reply, expressed their opinion to be clearly in favor of proceeding with the business of the Charter this session, if it should be practicable for the Committee of the House to make the requisite reports in due time.

The Committee having deliberated on this communication, are of opinion, first, that it will be necessary to form as accurate an estimate as possible of the home finances of the Company for the current year; secondly, that it is very desirable the renewal of the Company's Charter should be brought forward in Parliament this session, even if the Company should stand in need of no pecuniary aid; but, thirdly, that if the Select Committee cannot prepare their reports in due time, and His Majesty's Ministers deem it proper to wait till next session, the Court must, of course, acquiesce; yet in the wish and hope, that if any circumstances should occur in the course of the present session, favorable to the agitation of the measure, it may still be brought forward; and if not in this session, as early as possible in the next; to which end the Committee will be very ready to proceed with the President of the Board of Commissioners in the discussions already commenced.

No. X.

At a Secret Committee of Correspondence,

5th December 1809.

Read and approved draft of a letter to the Rt. Hon. Robert Dundas, proposing that the discussions between him and the Court, on the subject of the Charter, be resumed, investig

from the point at which they were left by the letter from the Chairman and Deputy, dated 13th January last.

No. XI.

LETTER from the Chairman and Deputy Chairman to the Rt. Hon. Robert Dundas, noticed in the preceding Minute.—(Private.)

Sir, *East-India House, 5th December, 1809.*

From the conference the Chairs had the honor to hold with you on the 13th of February, on the subject of a renewal of the Company's Charter, we were given to understand, that although His Majesty's Ministers did not deem it expedient to bring that subject under the consideration of Parliament in the session then preceding, it might, in their opinion, be proper to prepare for the agitation of it in the next following one.

We now, therefore, by the authority of the Committee of Correspondence, whom the Court of Directors have empowered to conduct the details of negotiation on the subject in question, beg leave to state to you, that, in their opinion, it is desirable the discussion concerning the renewal of the Charter should be brought on in the ensuing session, both on account of the general situation of the Company's affairs, and also on account of the particular pressure on their finances (arising chiefly from the transfer of certain sums of the Indian debt to England) which we have already had the honor to represent to you and to Lord Harrowby, and which renders necessary such an application for public aid, as may, of itself, be expected to lead to a general consideration of the Company's affairs.

We therefore take the liberty to propose, that the discussions between you and the Court, on the subject of the Charter, be resumed, from the point at which they were left by the letter the Chairs addressed to you, under date the 13th January last.

We have the honor to be, Sir,

Your most obedient humble servants,

(Signed)

CHARLES GRANT,
WILLIAM ASTELL.

The Rt. Hon. Robert Dundas,
&c. &c. &c.

No. XII.

At a Secret Court of Directors, held on

Friday, 3d January 1812.

The Chairman laid before the Court, copy of a letter from Lord Melville to the Chairs, dated the 17th of last month, upon the subject of continuing to the East-India Company, for a further term, their privileges of exclusive trade and the government of the British territorial possessions in India, in which his Lordship adverts to his letter addressed to the Chairman and Deputy Chairman, on the 28th December 1808, and to their reply, dated the 13th January 1809, and adds, that if the Court of Directors are willing that the ships, as well as goods of private merchants, may be admitted into the trade with India, under such restrictions as may be deemed necessary, he shall be ready to discuss with the Chairs all the other details of the system: and his Lordship alluding to two points of considerable importance, adverted to in the above-mentioned letters, *viz.* the first relating to the transfer of the Company's army to the Crown, upon which subject circumstances may possibly suggest the expediency of adopting other measures, for promoting the discipline and efficiency of the army in India; and the second point, being the Indian debt, upon which subject his Lordship observes, that the period he should hope is arrived, for providing, out of the Company's own resources, without any pecuniary aid from the Public, the means of enabling them to satisfy all the claims of their Indian creditors.

Ordered, That it be referred to the Committee of Correspondence, to consider what reply it may be right and proper to make to the letter from Lord Melville, now read; and to report their opinion thereon to the Court.

No. XIII.

LETTER from the Rt. Hon. Lord Viscount Melville to the Chairman and Deputy Chairman, dated the 17th December, 1811, noticed in the preceding Minute.

Gentlemen, *India Board, 17th December, 1811.*

Und^{er}standing from you, that it is the wish and opinion of the Court of Directors, that a proposition should be submitted to Parliament in the course of the next session, for continuing to the East-India Company, for a further term, their privileges of exclusive trade and the government of the British territorial possessions in India; it will be necessary, before I can proceed with you to the discussion of that question in all its details, that certain preliminary matter should be again brought under your consideration.

In a letter which I addressed to the Chairman and Deputy Chairman, on the 28th December 1808, the outlines of such a system, in regard to the trade between this country and the East-Indies, were stated, as His Majesty's Government at that time were willing to propose to Parliament. In a reply to that letter, dated the 13th January 1809, detailed reasons were urged, for the Court of Directors declining to "advise their constituents to seek a renewal of their Charter, on conditions which" (as asserted by the Chairman and Deputy Chairman) "would despoil it of all its solid advantages, deprive the Company of their most valuable privileges, and incapacitate them for performing for themselves and the nation, the part hitherto assigned to them in the Indian system."

I do not feel it requisite, in this stage of the business, to enter upon a minute examination of the arguments from which that conclusion was drawn. Many of them have reference to possible dangers, which might arise from a system of trade wholly unrestricted; against which dangers, however, it was expressly admitted in my letter, that it would be essentially necessary to guard. A considerable portion of their reasoning, also, would lead to the inference, as a general proposition, applicable to all cases of foreign and distant trade, that a monopoly

was more beneficial to both countries than an unrestrained commerce; and that the facilities intended to be afforded to private trade with India, by the Act of 1793, were inexpedient and impolitic. There are several statements in the letter, in which I fully concur; but it is unnecessary to advert to them at present, because, if the Court of Directors adhere to the above-mentioned determination, I cannot hold out to you the least expectation, that His Majesty's Government will be disposed to depart from the proposal contained in my letter, or that they will concur in any application to Parliament, for the continuance of a system of trade, conducted under all the restraints now imposed upon it, and for the permanency of which the Court of Directors have so strenuously contended. If they are willing, on the other hand, that the ships as well as goods of private merchants, may be admitted into the trade with India, under such restrictions as may be deemed necessary, I shall be ready to discuss with you all the other details of the system.

There are two points, however, of considerable importance, which are adverted to in the above-mentioned letters, and on which it may be advisable that I should state to you shortly what occurs to me.

The first relates to the transfer of the Company's army to the Crown; a measure which has been frequently suggested by persons intimately acquainted with the military concerns of the Company, and whose opinions are entitled to great consideration. It is impossible, however, not to admit, that several weighty objections to such a change are stated in the letter of the 13th January 1809. Events which have since occurred must, also, have an influence in deciding this question, and may possibly suggest the expediency of adopting other measures for promoting the discipline and efficiency of the army in India. Further discussion on this subject may be deferred till a future opportunity, and any arrangements which may be deemed proper can be carried into effect, without having recourse to special legislative enactments.

The other point to which I allude, is the proposition for enabling the Company to meet the heavy demands which were then expected, and which, to a certain extent, have since

since come upon them, by the transfer of their Indian debt to this country. All uncertainty, as to the possible amount of those demands, is now removed; and the period, I should hope, is arrived, to which, during some years, we have looked forward with anxiety, for providing out of the Company's own resources, without any pecuniary aid from the Public, the means of enabling them to satisfy all the claims of their Indian creditors. The sanction of Parliament will probably be necessary for carrying into effect any arrangement for that purpose; and if the Court of Directors are willing that these discussions, on the renewal of the Charter, shall proceed, in so far as relates to the question of the trade, on the principle to which I have adverted, I shall be ready to receive from you any suggestions you may have to offer on the subject of the debt, and on the mode by which you propose that funds for its liquidation shall be provided.

I have the honor to be, Gentlemen,

Your most obedient humble servant,

(Signed)

MELVILLE.

The Chairman and Deputy Chairman
of the East-India Company.

No. XIV.

At a Secret Court of Directors, held on

Friday, 28th February, 1812.

The Chairman from the Committee of Correspondence laid before the Court the draft of a reply to Lord Melville's letter of the 17th of December last, which was read:

Ordered, that the same be taken into consideration to-morrow.

No. XV.

At a Secret Court of Directors, held on

Saturday, 29th February 1812.

The Court proceeded to take the proposed draft of a reply to Lord Melville's letter into consideration.

No. XVI.

At a Secret Court of Directors, held on

Monday, 2d March 1812.

The draft of the proposed reply to Lord Melville's letter, of the 17th December last, was unanimously approved.

Resolved, That a deputation of this Court be appointed to wait on His Majesty's Ministers, in consequence thereof; and that the said deputation do consist of the Chairman, Deputy Chairman, Charles Mills, Esq., the Honorable William Elphinstone, and Edward Parry, Esq.

No. XVII.

LETTER from the Chairman and Deputy Chairman to the Rt. Hon. Lord Viscount Melville, with its Enclosures, noticed in the preceding Minute.

My Lord, *East-India House, 4th March 1812.*

We duly received and laid before the Court of Directors your Lordship's letter of the 17th of December last. We trust that the great importance of the matter contained in it will explain, in a satisfactory manner, to your Lordship and to His Majesty's Government, why an answer has not been prepared at an earlier period.

By that letter we think it is to be understood, that His Majesty's Ministers have made up their minds, not to hold out to the East-India Company an expectation of their being disposed to concur in an offer to Parliament of any proposition for the continuance of the present system of trade with India, at the close of the term limited by the Act of 1793, which is now nearly expiring, without a previous consent, on the part of the East-India Company, as the basis of such concurrence, that the trade with India shall be extended to the ships, as well as goods of private merchants, under such restrictions as may be deemed necessary: but that His Majesty's Ministers are of opinion, with respect to the subject of the

Indian army, that the idea which was held out in your Lordship's letter of the 28th December 1808, relative to the transfer of the Company's army to the Crown, will not be contended for; and that, upon these grounds of understanding, your Lordship will be prepared to receive from the Court of Directors any suggestions which they may have to offer on the subject of the Company's debt, and upon the mode by which the Court propose that funds for its liquidation should be provided.

From the terms in which the first proposition, respecting the trade with India, has been brought to the notice of the Court, they conceive that it is intended, on the part of His Majesty's Government, to preclude the Court from any further agitation of a question already so fully discussed. The Court, indeed, cannot avoid considering this as the obvious interpretation of your Lordship's letter, respecting a point upon which, perhaps, it might be out of their power to offer any arguments, not contained in the letter of the Chairs to your Lordship, of the 13th of January 1809.

Whatever opinion, therefore, the past experience and daily observation of the Court may have justly induced them to form upon this subject, or however incontrovertible they may believe many of the arguments to be, that are made use of in the letter of the Chairs to your Lordship, to which they have referred, they think it their duty to state, that if this alteration be made an indispensable condition, on the part of His Majesty's Ministers, of their proposing to Parliament the renewal of the Company's privileges, the Court will, though reluctantly, offer this measure to the consideration of the Proprietors, with whom alone the power rests of consenting to such a fundamental change in the constitution of the Company. But they must, at the same time, beg leave, in the most unequivocal manner to declare their conviction, that though this alteration may, and probably will, be attended with many serious inconveniences to the whole frame of that Government, which, whatever opinion may have been formed of its imperfections, has, beyond all dispute, acquired and maintained for Great Britain a paramount, and almost undisputed sovereignty in the East, it will not give to the nation those commercial advantages, which it has been the habit of many of the commercial interests of this Country to contemplate.

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The Court, however, hope it will be understood by your Lordship, that they have entertained this opinion, not upon the narrow, and now justly exploded ground, which they are sorry to see has been imagined by your Lordship to exist, that the Company have ever considered a monopoly to be more beneficial in all cases of "*foreign and distant trade, than an unrestrained commerce,*" but upon the conviction with which they have been impressed, that an exclusive trade with India is the only one really applicable to the maintenance of the public interests with that country, interwoven as that trade is with the very frame and integrity of those possessions, and resting, as it does, upon many highly important considerations, which are, in no wise, applicable to other commercial establishments.

In support of these opinions, the Court beg leave to enclose abstract copies of the Accounts (A and B), which have been called for, and laid before the Committee of the Honorable House of Commons upon East-India Affairs, established in 1808, and continued to the present time, which they imagine will afford a fair representation of the trade in bullion and in goods carried on with India, as well by individuals as by foreign nations; and these accounts will, they trust, establish, in a conclusive manner, the correctness of the sentiments entertained by the Court respecting this trade.

In communicating, however, those sentiments of reluctance, by which the determination of the Court to submit the proposition in question to the Proprietors of East-India Stock is accompanied, the Court hope it will be clearly understood, that this determination arises from a presumption, that such military powers as are now vested in the Company will be left unimpaired, which can alone induce them to entertain an expectation of their being able, in a manner satisfactory, either for the Company or the Public, to perform the part which has hitherto been assigned to the Company in the Government of a distant empire; and also, that such regulations will be adopted, as will prevent the highly dangerous intercourse of Europeans with the East; and that such arrangements will be made, in respect to pecuniary matters, as will enable the Company to meet with confidence the present state of their affairs. The Court also hope, that in the extension

extension of the trade which the Company now enjoy, His Majesty's Ministers have not had in view the hazardous experiment of dispersing, over all the ports of England and Ireland, a trade now brought, with so much advantage, both to the Company and the Public, to the single port of London.

If the private intercourse with India should, in future, be extended, it may naturally be expected, that upon the return of peace, a number of British seamen will be thrown out of employ; and the Court are apprehensive that such an intercourse, carried on through the medium of Indian ships and Indian sailors, relaxing as it would do the spirit of the navigation laws, which have always been considered to be the basis of the maritime strength of this country, may be viewed by the nation with extreme alarm, and will probably give rise to many disorders. The Company's papers and offices might furnish material information, by which the relation of the Indian trade with the navigation system could be appreciated, and the Court, if it should be thought likely to be of public utility, are ready to have that information collected; but without such call, and without pressing their reasons at length, either upon your Lordship or the other Members of His Majesty's Government, they will content themselves with the declaration they have already made of their opinion upon this subject.

The Court are desirous of taking this opportunity to offer some remarks, and to answer, in a cursory manner, part of those public accusations, which have been so assiduously urged against the East-India Company, and against the further continuance of a system, which, they hope, will appear to rest, not upon the grounds of individual interest, but upon the firm basis of national advantage.

Whatever opinions the Court may deliver, upon a subject in which they are manifestly interested, will doubtless be received with circumspection; but the Court think, that they may be allowed, and with justice upon the present occasion, to assert, that the leading disposition of their minds is, to preserve the empire obtained in India to the parent state.

The first, and the most prominent of the charges, which have, at various times, been brought against the Company, is the repeated calls which they are accused of having

having made upon the public, for money for the prosecution of ruinous concerns; as if they had dissipated large sums in useless and improvident undertakings. Upon this head it may be sufficient for the Court to observe, that their commercial affairs (and to those alone was the Company's management restricted) have been invariably attended with success, as they are prepared to shew, if the proof should be called for; and that these advantages have been sufficient to allow of a moderate dividend to the Proprietors of East-India Stock. Over and above this dividend, a surplus sum has been applied, arising from this source, towards the extension of that territory, the acquisition of which has been under the immediate direction of His Majesty's Ministers.

But the Court are persuaded, that the magnitude of the affairs which the Company have had to manage, has been little known and little attended to, otherwise it would, at once, have been seen, that one of the principal difficulties with which the Company have had to contend, is a capital, not in any respect equal to the great extent, variety, and importance of those affairs.

The disbursement of the Company upon the single article of commerce in goods and wares, &c. or of articles necessary for its management, a disbursement of sums going from and returning to the Company, from one moment to another, was, at the close of the year 1811, not less than about £14,847,678

To this must be added, the amount of advances in India and at home, for stores of various kinds, applicable to the purposes of Government, and in constant use for military equipments, &c.; of cash, arms, &c.; and of debts due to the Company from various states and princes, &c.; and other articles, making, at the close of the Indian year 1810, about 21,282,279

If to these sums be subjoined the absolute expenditure made by the Company, for the acquirement of a territory, with forts, ammunition, &c. and the actual purchase of

Carried forward - £36,129,957
many

... Brought forward - £16,129,957
 many factories and territories, building of
 docks, purchase of forests, &c. including a
 considerable sum which has been paid by
 them, at various times, to the Public, or
 disbursed for expeditions, and the mainte-
 nance of captures afterwards surrendered up
 to the enemy, *viz.*..... 15,052,170

They form altogether an aggregate of £51,182,127
 The capital of the Company is:—

In money advanced by the ad- venturers, about	£7,780,000	
And they receive from the aid of bonds at home	7,000,000	
And from other contingent credits, at home and abroad, about	7,787,953	
Together	<u> </u>	22,567,953

Leaving a balance of . . . £28,614,174

Constituting, at this moment, a permanent debt in India
 and in Europe. (See C.)

This aggregate of £51,182,127, a part of which sum
 only has been employed upon the territorial acquisitions
 of the Company, forms an outlay, beyond the capital of
 the Company, of so large an amount, as to make it
 more matter of wonder, how the Company have hitherto
 been able to carry on the concern at all, than to render it
 extraordinary that they should have been constrained,
 respectfully and at various times, to represent the urgency
 of their affairs, and to press upon the Public for the
 mere return of those sums, which had been fairly expend-
 ed by the Company abroad for the public service; a
 return which has never yet been granted to the Company,
 to the extent to which, in justice, it ought to have reach-
 ed. In every war which has taken place since the Com-
 pany became possessed of the territorial acquisitions, large
 sums of money have been expended in capturing the
 settlements of the French, Dutch, and Danes, and heavy
 expenses incurred in keeping the same, till the political
 views of the Public occasioned these settlements to be
 restored, in return for other objects, in which the Com-
 pany

pany had no particular interest. The Company have also been compelled to pay part of the expense of capturing and maintaining an island, afterwards reserved for the exclusive benefit of the Crown; to disburse a considerable sum for a force, of which the Public have derived all the benefit at home; and even to contribute to the Egyptian expedition, the whole of which expenses the Company have always thought ought to have fallen upon the State.

This large and necessary outlay, in fact, now constitutes the source of the Company's embarrassment. A considerable part of the money raised in India upon periodical loans, to meet this outlay, has (as your Lordship well knows) by the terms of these loans, which made them payable, if required, in England, and in consequence of a general reduction of interest from eight to six per cent., been at once thrown upon the Company for immediate payment in Europe; a sum which, without the aid of Parliament, it is impossible for the Company to discharge.

Of this large expenditure, sanctioned, and in many cases specifically directed by the Ministers of the Crown, it may with justice be asked, what part has been incurred for the partial or exclusive advantage of the Company? —It is evident, that the whole concern has been begun and continued by private exertions alone; nor have the Proprietors received, by any means, an adequate recompence for those exertions: they have scarcely derived more benefit than the common interest of money. And if India be an object of regard to the world, the Company may have the satisfaction of thinking, that they, at their own risk and expense, have rescued it from contending Nations, and may claim the merit of having laid it at the feet of their country; acquired and preserved, it is true, at a great pecuniary expense, and by such abilities and such exertions, both civil and military, as not only to reflect the highest credit upon the East-India Company, but also to raise, as the page of history will testify, the national character. They venture to hope, that when all the great political relations of this acquisition are considered, the price paid for it will not be deemed as out of proportion to its intrinsic value.

The wisdom of Parliament will, the Court make no doubt, be applied to preserve what has been so acquired,
and

and finally do justice to those, at whose risk it has been obtained; and not be induced to barter positive, and very large immediate advantages, against speculative notions and theoretical plans.

In the second place, it has been often urged, that the Company have been favoured, during these exertions, with an exclusive trade, and that the nation has thereby lost an opportunity of extending their commercial enterprises over a large quarter of the globe. It is true, that the Company have been favoured with this exclusive trade; but it may fairly be asked, would India have belonged to Great Britain if this exclusive trade had not existed? That this trade would have been of greater magnitude in the hands of individuals, is yet a matter that remains to be proved: but it is obvious, that during part of the above period, *viz.* from the year 1768 to 1812, the Public have received, in direct contributions from the Company, a sum not falling short of £5,135,319, as will appear by the accompanying Account (D).

With respect to the immediate produce of this trade to the Public, the Court believe it will bear a comparison with that arising from any other distant possession. It produced last year to the Public the large sum of £4,213,425 (£), *viz.* in customs £759,595, and in excise £3,453,830; and though this return to the Public be larger, as the Court have reason to think, in respect to the capital employed, than the return from any other trade, it has, at the same time, been collected with a facility unknown to other concerns; an advantage which has been obtained, partly by the progressive enactment of regulations the fruit of many years experience, and partly by the concentration of the trade in a single port, and the prevention of smuggling, which has been the consequence of it.

But what has never yet been fairly estimated in the existence of the East-India Company is, that the whole of these returns have been brought into the exchequer of the Public, without the Public having been called upon for any direct contribution for the preservation of the source from whence they have had their rise, whilst the possessions of the Crown, in every quarter of the globe, have drawn from them a considerable sum for their support in troops. What has been saved to the State has

thus, the Court conceive, been gained by the Public, and would amount, as the Court are satisfied, in only twenty years, to a sum of a very great magnitude. From the Navy, indeed, the East-India Company have received important assistance; but such assistance, it must be recollected, has been afforded to them only in common with the rest of His Majesty's subjects.

That the trade of the Company has been highly beneficial to the Public, in affording a nursery for seamen in time of war, and employment for them in time of peace, and that the Company's maritime service has contributed materially towards those benefits, cannot, the Court apprehend, be doubted; nor that the fortunes of individuals, acquired either in the service of the Company, or by their industry and exertions under the Company's protection, have gradually contributed to the accumulation of that public stock of national wealth, which has enabled this country to stand, almost alone, against the united exertions of nearly all Europe.

Having offered these cursory observations upon matters of such obvious importance, we are directed by the Court to state, that as the pecuniary arrangements necessary for the support of the Company cannot, with propriety or with effect, be made the subject of correspondence, they beg to refer these points, as well as all those of inferior detail, of which there are a great many, to a personal conference between your Lordship and the Deputation of the Court, which had the honor to wait on your Lordship this morning.

We have the honor to be, My Lord,

Your Lordship's most obedient humble servants,

(Signed) JACOB BOSANQUET,

HUGH INGLIS,

The Rt. Hon. Lord Viscount Melville,

&c. &c. &c.

(A.)

AN ACCOUNT, shewing the Total Amount of the Official Value of the Bullion and Merchandize Imported into, and Exported from British India (Bengal, Madras, and Bombay) to London, America, and Foreign Europe, for Six Years, viz. from 1802-3 to 1807-8 both inclusive.

	TOTAL of the IMPORTS into INDIA.			TOTAL of the EXPORTS.
	Bullion £ Sterling.	Goods & Stores £ Sterling.	Total £ Sterling.	Of Goods only £ Sterling.
London :				
By the East-India Company.....	4,939,128	5,547,501	10,486,629	8,103,897
By Commanders and Officers of the Company's Ships	179,756	2,640,000	2,819,756	1,939,000
By British Private-Traders	1,167,460	1,832,980	3,000,440	5,681,740
Americans	4,543,662	667,654	5,211,316	4,803,283
Foreign Europeans	2,051,093	1,072,560	3,124,053	2,437,752
Total Imports } & Exports }	£ 12,881,099	11,761,095	24,642,194	22,970,672

Memorandum. There has been a small quantity of Bullion exported from India to Europe and America, to the extent of Sicca Rupees 1,75,316, but which is not material to the present account.

Note. The value of the Company's Imports into India is taken from the invoices of the ships as they arrived in India, with the addition of ten per cent. upon the invoice price outwards. The value of the British Private-Trade, as also the American and Foreign European, is the Indian official value, and which appears to correspond pretty nearly with the market prices in India. In order to make a just comparison between the amount of the Company's and the Private or Foreign Trade, the goods should be exactly reduced to the same denomination of value ; but this is not strictly practicable.

Errors excepted,

(Signed) ROBERT WISSETT.

East-India House, 4th March 1812.

(B.)

AN ACCOUNT shewing the Amount of the Official Value of the Bullion and Merchandize Imported into, and Exported from British India (Bengal, Madras, and Bombay) to London, America, and Foreign Europe, on an Average of Six Years, viz. from 1802-3 to 1807-8, both inclusive.

	ANNUAL average of the IMPORTS into India.			ANNUAL average of EXPORTS.
	Bullion. £ Sterling.	Goods and Stores. £ Sterling.	Total of Imports. £ Sterling.	Merchan- dize only. £ Sterling.
London :				
By the East-India Company.....	823,188	924,583	1,747,771	1,351,483
By Commanders and Officers of the Company's Ships	29,959	440,000	469,959	323,167
By British Private Traders	194,576	305,496	500,072	946,956
Americans	757,277	111,275	868,552	800,547
Foreign Europeans.....	341,849	178,826	520,675	406,292
Total average } Imports & } Exports.... }	£ 2,146,849	1,960,180	4,107,029	3,828,445

The proportions of which are :

Exported to England — $\frac{68}{100}$, or upwards of $\frac{2}{3}$ ths.

Do. to America — $\frac{21}{100}$, or less than $\frac{1}{3}$ ths.

Do. to Foreign Europe $\frac{11}{100}$, or less than $\frac{1}{10}$ th.

The exports of individuals from Britain are :

Bullion £194,576

Goods 305,496

The imports of ditto into Britain..... £500,072
946,956

Difference, per annum, £446,884

being not a trade but a remittance, deducting the amount of the profit on exports.

Errors excepted,

(Signed) ROBERT WISSETT.

East-India House, 4th March 1812.

THE EAST-INDIA COMPANY'S CHARTER.

OUTLAY, *Commercial and Territorial, of the East-India Company at Home and Abroad, made up, in respect to the Indian Accounts, to the 30th April 1810, the Home Accounts to the 1st March 1811.*

COMMERCIAL OUTLAY.

(No. I.) Cash	£460,738
Value of goods sold and unsold	5,053,417
Value of goods afloat	3,379,389
House and warehouses	1,207,090
Balance of property at China and Cape of Good Hope	1,240,652
Cash, goods, and debts, commercial department India	3,071,637
	<hr/>
	£14,412,923
Balance of property at Bencoolen and St. Helena: the outlay at these places being of an anomalous nature, it is stated separately	434,755

Total Commercial Outlay £14,847,678

TERRITORIAL, OUTLAY, INDIA, viz.

(No. II.) Cash in the several departments, 30th April 1810 :

Bengal, S.R. 4,11,38,439, at 2s. per C.R.	£4,772,058
Madras, Pags. 1,16,24,307, at 8s.	4,649,793
Bombay, B. R. 53,58,932, at 2s. 3d.	602,879
	<hr/>
	£10,024,660

Debts owing to the Company :

Bengal, S. R. 1,33,49,444,
at 2s. per C. R. £1,548,535

Madras, Pags.
94,93,034, at
8s. 3,797,214

Bombay, B. R.
54,01,917, at
2s. 3d. 607,716

£5,953,465

Stores, &c. :

Bengal, S. R.
97,82,114, at
2s. per C. R. £1,134,725

Madras, Pags.
33,16,927, at
8s. 1,326,771

Bombay, B. R.
38,31,083, at
2s. 3d. 430,997

2,892,493

8,845,984

56 PAPERS RESPECTING THE RENEWAL OF

	Brought forward	£18,870,618	£14,847,078
Balance of property at Prince of Wales's Island		224,406	
Indian territorial outlay		£19,095,024	
TERRITORIAL OUTLAY AT HOME, 1st MARCH 1811.			
Debt due from Government, the balance of the original debt of £4,200,000		£1,207,560	
Debt due from Government, the balance of the account for troops, stores, supplies, &c. 960,000			
Advances to several persons in India, to be repaid		19,695	
		<u>2,187,255</u>	
Total territorial outlay			£21,282,279
			<u>£36,129,957</u>
(No. III.) The expenditure at home and abroad, for the acquisition of territory, &c. being the balance of the stock account, 1st March 1811			15,052,170
Sum total of capital necessary to carry on the concern			<u>£51,182,127</u>
(No. IV.) The capital advanced by the Adventurers			£7,780,000
The capital raised by bond			7,000,000
Other capital, being a floating debt generally due on various accounts :			
Borrowed of the bank		£700,000	
Estimated commercial floating drafts		600,600	
Scanty sums owing to individuals in England		2,155,922	
Debts, deposits, arrears of interest, and allowances and loans, not bearing interest :			
Bengal		£2,843,134	
Madras		1,017,236	
Bombay		408,792	
		<u>4,269,164</u>	
Debts in India commercial			62,867
			<u>7,787,953</u>
Total of capital, without the Bond debt of India,			£22,567,953
(No. V.) Difference between the balance necessary to remain in permanent loans, for the purpose of carrying on the concern			28,614,174
			<u>£51,182,127</u>

Errors excepted,

East-India House,
4th March 1812.

(Signed) CHAS. CARTWRIGHT,
Accountant General.

STATEMENT of the Contributions from the East-India Company to the Public, from the Year 1768 to the Year 1812.

Paid from 1768 to 1775, in consequence of an agreement concerning the territorial possessions, (7 Geo. III. cap. 57, and 9 Geo. III. cap. 24)	£2,169,399
Paid from 1769 to 1773, for indemnity on tea	483,050
Paid in 1779, bounty for seamen raised for the service of Government	13,653
Paid in 1780 and 1781, three ships of the line presented to Government	95,349
Paid in 1781 and 1787, per agreement for a new Charter in 1781	400,000
Paid in 1789 and 1790, for victualling the navy, and charges of His Majesty's troops in India	500,000
Claim of the Company for subsistence of French prisoners of war, and other expences incurred by the Company on account of Government, written off in 1793 per Act of 33 Geo. III. cap. 52, sec. 127.	443,632
Paid in 1793 and 1794, for participation, pursuant to the Charter Act of 1793	500,000
Paid in 1795 and 1796, expence of 3,000 seamen raised for the service of Government	57,000
Paid in 1803 and 1804, armed ships, hired for the service of Government, and employed in defence of the country	67,330
Loss, from 1793 to 1811, by saltpetre supplied to Government at less than prime cost, as per obligation of the Charter	405,906

Errors excepted,
 East-India House, (Signed) CHAS. CARTWRIGHT,
 4th March 1812. Accountant General.

(E.)

AN ACCOUNT of the Duties of Customs and Excise received on Goods imported and exported by the East-India Company, in the Year ending January 1811.

Customs on Tea	£219,322	
— Other Goods	498,901	
Export Duty	17,653	
Tonnage Duty	23,719	
	<hr/>	
Total Customs		759,595

Total Customs brought forward 759,595
Excise. 3,453,830

Total Customs and Excise . £4,213,425

Errors excepted,

East-India House, (Signed) CHAS. CARTWRIGHT,
4th March 1812. Accountant General.

No. XVIII.

Minute of a Meeting of the Deputation, the 3d March 1812.

The Deputation appointed by the Court to confer with the President of the Board of Commissioners for the Affairs of India assembled this day, in consequence of their appointment of the 2d instant.

The Chairman laid before the Deputation, minutes of a conference which the Chairs had with Lord Melville, on the 20th February, and also with his Lordship, Mr. Perceval, and Mr. Long, on the 24th of February; likewise several accounts, shewing the present and prospective situation of the Company's pecuniary affairs.

The Chairman then suggested certain propositions, as hints, to be submitted to Lord Melville, which after full deliberation the Deputation resolved to adopt, and to wait upon his Lordship to-morrow, at half past ten, for the purpose of offering them to his consideration.

No. XIX.

At a Secret Court of Directors, held on

Friday, the 6th March 1812.

The Chairman acquainted the Court, that the Deputation appointed the 2d instant had waited on Lord Melville, with a paper containing hints for his Lordship's consideration, which had been approved by the Committee of Correspondence.

The Chairman gave some general explanations, as to what passed at the conference; and added, that Lord Melville's opinion, on the various propositions submitted to him by the Deputation, would be stated by his Lordship in writing, and should be communicated to the Court as early as possible.

No. XX.

HINTS approved by the Committee of Correspondence, and submitted to the Consideration of the Rt. Hon. Lord Melville, noticed in the preceding Minute.

That the renewal of the Charter shall proceed upon the basis of the Act of 1793, and that no greater extension of the trade shall be granted than what was allowed by that Act; but the Deputation are ready to recommend to the Court of Directors, and ultimately to the Court of Proprietors, to admit such modifications as may be deemed necessary to give greater facilities to the private trader.

1st. No British or Indian ship to sail, directly or circuitously, from a British port in Europe to China.

2d. No British subject to be permitted to reside in China, without the Company's licence.

3d. No goods, the growth or produce of China, to be imported into any of the ports of the United Kingdom, except by the East-India Company.

4th. The power of levying duties in India upon British subjects, and the subjects of foreign nations, to be continued to the Company, upon the footing on which it at present exists; and the same power, with respect to British subjects, to be extended to the districts within the jurisdiction of the courts of Calcutta, Madras, Bombay, and Prince of Wales Island.

5th. Saltpetre to be considered as a political article, and to be confined exclusively to the Company.

6th. The whole of the Indian trade to be brought to the port of London, and the goods sold at the Company's sales, and to be, as at present, under the Company's management.

7th. The three per cent. now paid to the Company by the private traders, for the warehousing and management of the private trade, to be increased to five per cent.

8th. No private ship to be permitted to sail for India, except from the port of London.

9th. No ship to be permitted to sail, except under a licence from the East-India Company. Ships obtaining this licence, to deliver one copy of their journals at the East-India House; and the licence to contain such clauses,

as may be likely to prevent an unlimited or improper intercourse of individuals with India.

10th. Fire-arms, military and naval stores, to be prohibited articles.

11th. Existing restrictions, with respect to the article of piece goods, to be continued.

12th. It being desirable, as well for the Public as for the Company, that the quality of the silk grown in India should not be deteriorated, it is submitted that this article be confined to the Company.

13th. The ships of private persons to be subject to the same regulations, in respect to convoys, &c. as those belonging to the Company.

14th. No private ship to be permitted to sail, either from Great Britain to India, or from India to Great Britain, of a less burthen than four hundred tons.

15th. The Company to be subject to no obligation with respect to Exports to India, except in common with the private traders.

16th. The Lascars and Chinese sailors brought home in private ships to be placed under proper regulations. Not, upon any account, to be suffered to wander about the streets of London. Good treatment to be secured to them, and the Company to be enabled, by some summary process, to recover the expences to which they shall be subjected, in the event of neglect on the part of the owners of such ships in these respects.

17th. The Company to be indemnified for their unexpired engagements for extra shipping, provided for the accommodation of the private traders.

18th. An unrestrained intercourse with India to be prevented, and the existing restrictions, with respect to residence in India, to be continued.

19th. The number of His Majesty's forces in India to be in future maintained by the East-India Company to be now fixed, and any troops sent beyond that number (except at the express requisition of the East-India Company) to be at the charge of the Public.

20th. The Company to be released from any future account with the Pay Office, and to be henceforward charged, either so much per regiment of a given force, or so much per man.

21st. The present heavy current and postponed demands
of

of the Pay Office against the Company to be arranged upon some footing of general equity, and some advancement in settling this account made to the share which the Company have been obliged to bear in foreign captures not retained by them, and to their having been constrained to maintain an European and native force, larger than what was required for the defence of the Peninsula, and other heavy expences.

22d. The Proprietors to be secured, as at present, in the receipt of their dividend of ten and a half per cent., upon the faith of which dividend the capital in 1793 was raised.

23d. The whole of the surplus of the East-India Company to be appropriated to a diminution of their debts, until the debts be reduced to the sum of ten millions sterling.

24th. The sums required by the East-India Company to liquidate the debt transferred from India to Europe, and becoming payable in 1812 and 1813, to be funded by the Minister, the interest of which shall be regularly paid into His Majesty's Exchequer by the Company, together with any such per centage, for the gradual liquidation of the capital or redemption of the fund, as shall be deemed proper by His Majesty's Ministers.

The twenty-fifth article did not form a part of the propositions submitted to Lord Melville, but is now introduced by the Committee of Correspondence, and is as follows, *viz.*

25th. That, in order to give the utmost possible extension to the commerce of private merchants, and at the same time to secure the Company's exclusive trade to and from China, private ships be not permitted to go farther eastward than Point Romania, at the entrance of the China Seas, and to the northward not beyond the equinoctial line.

N.B. Should it be the intention of Government that private traders shall be excluded from the Spice Islands, the limits ought then to be for them not to go to the eastward of the Straits of Bally, nor to the northward of the Line.

No. XXI.

At a Secret Committee of Correspondence,

The 18th March 1812.

The Chairman acquainted the Committee, that the Deputy and himself had yesterday waited on Lord Melville, and that his Lordship had appointed to-morrow, at one o'clock, for a conference with the Members of the Deputation.

The Committee agreed to recommend to the Court to-day, that the Quarterly General Court, to be held on Wednesday, the 25th instant, be made special, for the purpose of laying before the Proprietors the Communications which have taken place between His Majesty's Government and the Court of Directors, respecting the renewal of the Company's Charter.

It was also

Resolved, That the papers containing the said communications be printed for the information of the Proprietors, and under the superintendence of the Assistant Secretary.

Draft of a Letter to Lord Melville, to be signed by the Members of the Deputation, requesting that a longer term than that which was fixed in 1793, may be granted for the renewal of the Company's exclusive privileges, was read and approved.

The Chairman calling the attention of the Committee to the correspondence which had passed between Lord Castlereagh and the Chairs at a former period, as to relieving the Proprietors of East-India Stock from the payment of the Income-tax on their dividends,

The same was read, *viz.*

Letters from the Chairs to Lord Castlereagh, dated the 2d December 1803 and 7th July 1804; and

Letters from his Lordship to the Chairs, dated 20th December 1803 and 12th September 1804.

Draft of a letter to be signed by the Deputation and addressed to Lord Melville upon that subject; and also submitting to his Lordship's consideration, the expediency of providing that the additional dividend of ten shillings per cent. paid on the Company's stock under the Act of the 33d of His present Majesty, cap. 52, sec. 124, may be paid out of the general profits of the Company.

No. XXII.

CORRESPONDENCE *with the Rt. Hon. Lord Viscount Castlereagh, noticed in the preceding Minute.*

*Letter from the Chairman and Deputy Chairman to the
- Rt. Hon. Lord Viscount Castlereagh.*

My Lord, *East-India House, Dec. 2, 1803.*

We have waited until we had obtained a distinct legal opinion from the Company's law adviser, with respect to the power possessed by the Company of paying the Property-tax out of the profits of the Company, previous to the declaration of a dividend to the Proprietors of East India Stock.

But that opinion having been lately returned to us in a shape unfavorable to our hopes and expectations, we have received the injunctions of the Court of Directors to submit this opinion to your Lordship's consideration, and, at the same time, to express their hopes, that your Lordship and the rest of His Majesty's Ministers will think it just and advisable, that the power to which we have above referred, should be granted to the Company by some legislative provision.

Upon this occasion, we have to observe to your Lordship, that as the law at present stands, the Company are obliged to deduct the full amount of the tax in question from all the dividends payable to foreigners or other persons, however small the amount of their capital stock may be; although it is fairly questionable, how far the former is legally chargeable to this tax, in respect to those profits that may be presumed to arise from the Company's foreign possessions, and whether the latter, in some cases, may not be entitled to a partial, and in others to an entire return of the tax so retained, in respect of the smallness of the proprietors incomes. We must also submit, that as the greater part of the other public Companies possess the power, and, as we understand, are disposed to exercise the means of discharging this tax out of their surplus profits, it must appear doubly irksome to the Proprietors of East-India Stock to seem an almost solitary exception to this general practice, particularly when they advert to the disposition which has, at all times, been evinced by them cheerfully and voluntarily, to come forward for the service of the State,
even

even when their own immediate interests have thereby been placed at stake.

We feel the more freedom in pressing this point, because we, in common with your Lordship, have entertained an expectation, that the Public (after a war which has existed almost since the last renewal of the Company's exclusive trade) would have been placed in possession of the share of the Company's profits, secured to them by the Act of 1793, if the enormous taxes which the necessities of the State have rendered it necessary to impose upon teas and the other articles of the Company's Trade, and the inevitable expences of another war, had not placed a bar to those expectations, which we think might otherwise reasonably have been formed.

We therefore venture to express a sanguine hope, that under a proper consideration of all the circumstances of the present case, under a review of the very large sums annually paid to Government out of the Company's trade, amounting to no less than £3,200,000, as appears by the inclosed account, and which, in fact, ought in part to be considered as an anticipated partition of the Public out of the Indian revenues, since nothing short of a surplus in India would, we conceive have enabled the Company to support them to the extent they are now imposed;—that, under a due attention to the benefits which even the Public themselves (when we advert to their interest in the ultimate prosperity of the Company) may derive from an increased value to the price of the Company's stock, which may be affixed by such a measure, in case a commerce, extended beyond its present amount (an event not at all improbable), should hereafter demand additional funds to carry that commerce on;—and, finally, that under a consideration of what is due to the known and experienced liberality of the Company's efforts in the public service, your Lordship's interference, with the rest of His Majesty's Ministers, will be given, to assist, what we hope, may be considered in the light of the neither unjust or the unreasonable pretensions of the Court of Directors, in behalf of the body they represent upon the present occasion.—We have the honor to be, My Lord, Your most obedient humble servants,

(Signed)

JACOB BOSAQUET,
JOHN ROBERTS.

The Rt. Hon. Lord Viscount Castlereagh,
&c: &

Letter from the Rt. Hon. Lord Viscount Castlereagh to the Chairman and Deputy Chairman.

Gentlemen, *Whitehall, 20th December, 1803.*

I have to acknowledge the honor of your letter of the 2d instant, on the subject of which I have had a very full and deliberate discussion with Mr. Addington.

We should both feel anxiously disposed to lend our aid to the accomplishment of any measure which had a tendency to accommodate the holders of East-India Stock, but under all the circumstances of the present case, regard being had to the existing appropriations under the act of 1793, the degree in which the funds at home and abroad may be affected by the peculiar circumstances of the present year, and the difficulty that must necessarily attach to the proposition, whether it be considered in the light of relieving from the tax a particular description of income arising from property, by throwing the same on other funds, or in that of a temporary and special increase of dividend to the Proprietors, we do not feel ourselves warranted in advising the Court to submit a bill for this purpose to Parliament.

We are further of opinion, that the relief sought by the measure is not of that magnitude, which should induce the Company to solicit this indulgence from Parliament, under the difficulties above stated; nor are we persuaded if, in point of fact, other corporate bodies have so relieved themselves from the tax, that the proceeding, on their part, however warranted by law, affords a precedent; which, in principle, the East-India Company, with an enlarged view to their own interests, should be solicitous to follow.

I have the honor to be, Gentlemen,

Your most obedient servant,

(Signed) CASTLEREAGH.

The Chairman and Deputy Chairman
of the East-India Company.

Letter from the Chairman and Deputy Chairman to the Rt. Hon. Lord Viscount Castlereagh.

My Lord, *East-India House, 7th July 1804.*

It is in consequence of the instructions of a General Court of Proprietors which lately assembled, to take
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into consideration the tax levied, in virtue of the 43d of the King, on the dividends payable on East-India stock, that we now take the liberty to address your Lordship again on that subject.

Notwithstanding the answer returned by your Lordship to the application which our predecessors in office made to you, under date the 2d December last, for the aid of His Majesty's Ministers, in order to relieve the holders of the Company's stock from the payment of the Property-tax out of their dividends, the Proprietors still think, that whether regard be had to the design and spirit of the Act of 1793, to the general state and circumstances of the Company, or to the peculiar situation of the Stock-holders, they are aggrieved by the operation given, in their case, to the Act imposing a tax on property.

It was after a full consideration and adjustment of the interests of all parties, the public, the Company, and individuals, that on the renewal of the Charter, the dividend of the Stock-holders was fixed at ten and a half per cent. per annum. The law then made, in allowing it to rise to that rate, forbid it to go higher; and the reduction of it below that rate was left to the discretion of the Proprietors themselves. This was, therefore, understood to be the fixed certain income assigned to the Members of the Company, out of all its funds, territorial and commercial. And hence, we think, it may fairly be argued, that such a deliberate formal settlement cannot justly be disturbed, but by a proceeding equally direct and appropriate; and that no mere measure of taxation, having only a general aim, without any cognizance of the peculiar circumstances under which this arrangement was concluded, ought to defeat it, because if the contrary principle be once admitted, whilst the Public is still immensely benefited by Indian revenue and trade, and all the other classes of subjects connected with them continue to derive the advantages provided for them, the Proprietors of that stock, which has been the foundation and support of the whole, may absolutely be divested of all the dividend they were to receive from it. We think, therefore, it may be contended, that conformably to the spirit of the Act of 1793, the Property-tax should not operate upon the dividend, but be a charge upon the general funds of the Company.

This will appear more reasonable, if it be considered
that

that very many of the Proprietors of India stock, who have held that stock long, receive no more on the cost of it than the common interest of money, namely five per cent, whilst their property is exposed to the influence of all the adverse contingencies to which the Company's affairs are liable; and whilst the Company, that is so say, those Proprietors in their collective capacity, serve as the channel, or medium, by which immense advantages are diffused through the nation, in its commerce, its revenues, and the wealth of all the successive races of British subjects, employed in or connected with their territories and affairs. These just observations acquire now a peculiar force, when, in duties and customs alone, the Eastern commerce pays to the State £3,226,000 per annum, and when the receipts of the Company, for the last twelve months, are diminished near a million sterling, in consequence of the new and excessive duties imposed on their trade.

We are unwilling to urge the liberality which the Company has on all occasions manifested, to aid, according to its means, the exertions of the State; but the duty imposed on us by our Constituents requires that liberality should be noticed on the present occasion. By subscribing for two millions of the Loyalty Loan in 1797, the Company lost the sum of £206,000. The three compleat and effective regiments of volunteers, which they have maintained for a number of years past, have cost them very large sums; and the last aid given by them in shipping, on the particular suggestion of Government, is a new instance of the promptitude and alacrity, with which they devote their funds to the support of the public interest.

After all these contributions, it has appeared ungracious to the Proprietors, that whilst other public bodies, which had not given so largely to the wants of the State, were allowed to defray the Property-tax out of their general funds, the Proprietors of East-India Stock were required to charge the modicum they received for the use of their own money, and for being the agents in such vast concerns, with a tax, hard upon them though unimportant in its amount to the Public, and from which, they conceive, the Act of 1793 ought to protect the dividend then accorded to them.

When our predecessors in office mentioned a reference

to Parliament, they probably had no more in view than some supposed necessity of a modification of the Property-tax; but we humbly apprehend that, in order to exonerate the Proprietors, individually, from the payment of the tax, no such reference is necessary, since for engaging in the Loyalty Loan, for forming the three regiments of volunteers, and for the late aid of shipping, it was thought sufficient that His Majesty's Ministers should consent to the defraying of the charges arising from these measures, out of the general funds of the Company.

Wishing to state nothing upon this subject, but what appears to us naturally to grow out of it, we shall only add, that the effect of the imposed tax upon the value of the Company's stock must be very obvious, since the dividend receivable upon any public fund is, in fact, the measure of its value in the market, and every reduction, by whatever means, effected in the produce of any stock, is in reality a reduction in the worth of the capital; and, accordingly, we find that the stock of the India Company, compared with that of the Bank, sells at a price disproportionably low.

Upon all these grounds, with those which have been before urged, we cannot but request and hope, that as the determination of the point which our Constituents, not from interest only, but from various other motives, have so much at heart, seems not to depend upon any revisionary proceeding of Parliament (which however, if necessary, we should still urgently desire) but upon the acquiescence of His Majesty's Ministers, we cannot but earnestly request and hope, that it will seem expedient to your Lordship to add your own recommendation to this representation, and that you will have the goodness to submit both to the Chancellor of His Majesty's Exchequer.

We have the honor to be, My Lord,

Your most obedient humble servants,

(Signed)

W. F. ELPHINSTONE,

CHARLES GRANT,

The Rt. Hon. Lord Viscount Castlereagh,

&c. &c. &c.

LETTER from the Rt. Hon. Lord Viscount Castlereagh to
the Chairman and Deputy Chairman.

Gentlemen, *India Board, 12th September 1804.*

In compliance with the desire of the Court of Proprietors, as expressed in your letter of the 7th July last, I have reconsidered, with the most earnest disposition at all times to promote their wishes, the opinion which I before presumed to express, on the propriety of their dividends being discharged from any deduction on account of the late tax upon property, by causing the same to be paid out of the general funds of the Company, and I have also communicated with Mr. Pitt on this subject.

Notwithstanding the very ingenious reasoning contained in your Letter, we are clearly of opinion, that a payment of this nature, directed to the individual emolument of the Proprietors of India Stock, and not in any respect to the public service of the Company, cannot be issued, under the existing appropriations affecting their funds, without the express sanction of Parliament.

Had the tax been directly imposed on income, as under the former law, we apprehend it never would have suggested itself to the Court of Proprietors, that income derived from the dividends of the Company should enjoy any partial exemption. The policy of the Legislature has recently been, to apply the tax to the sources of income, rather than to levy it, as formerly, upon the statement of the possessor. It does not appear to us, that this change in the mode of assessment can justify a claim to personal relief from the tax itself. If not, the proposition resolves itself either into an increased dividend, or into a new appropriation of the net proceeds, enabling the Company to charge the tax on their funds generally, as some other Corporations have done, who are sole proprietors in such funds. This opens so large a question *in principle*, and for *so small* an object, either as it affects the interest of the Public or the individual Proprietors, that I should conceive, under all the circumstances, the Court will not feel disposed to press it at such a moment upon the attention of Parliament.

I have the honor to be, Gentlemen,

Your most obedient humble servant,

(Signed) CASTLEREAGH.

The Chairman and Deputy Chairman
of the East-India Company.

No. XXIII.

*At a Secret Court of Directors, held on**Wednesday, the 18th March 1812.*

The Chairman from the Committee of Correspondence laying before the Court draft of a letter to Lord Melville, to be signed by the Deputation, requesting that a longer term than that which was fixed in 1793 may be granted for the renewal of the Company's exclusive privileges, the same was read and approved; as was also

Draft of a letter to his Lordship, to be signed by the Deputation, submitting to his consideration the expediency of providing, that the additional dividend of ten shillings per cent. paid on the Company's stock, under the act of the 33d of his present Majesty, cap. 52, sec. 124, may be paid out of the general profits of the Company; and also, that authority may be given to make the Property-duty on the dividends a charge on those profits.

No. XXIV.

LETTER *from the Deputation to the Rt. Hon. Lord Viscount Melville, noticed in the preceding Minute.*

My Lord, *East-India House, 18th March 1812.*

Although we are aware that this may not be considered the proper time to discuss the term of years for which the exclusive privileges of the Company should be renewed, yet, under the prospect of your Lordship's soon leaving the India Board, we are anxious to avoid any delay, in requesting your Lordship's attention to that point.

On reference to the negotiations in 1793, we observe that the principal ground on which the Company founded their application for a renewal of their privileges for a long term, was, that sufficient time might be allowed for the liquidation of their debts at interest in India, the amount of which, at that period, was seven millions sterling. The term then granted was twenty years, from the 1st of March 1794, including the usual notice of three
years,

years, this term being considered adequate to the object in view.

The Company's debts at interest in India are now supposed to amount to twenty-five millions sterling, exclusive of the debt in Europe; we trust, therefore, it will be evident, that a longer term than that which was granted in 1793 is indispensable, to admit of the gradual reduction of the present debt, and the effectual operation of any measures which may be determined on for that purpose.

Without mentioning any particular term, we take the liberty of referring your Lordship to the Act of the 3d of George II. cap. 14, to shew that a longer period than that granted in 1793 has been conceded; and as, under every view of the subject, considering the contingencies of war, or other interruption, we are convinced of the necessity of a more extended term, for the purposes of liquidating debts of such magnitude, and of restoring the Company's affairs to that state of prosperity, which is essential both to them and the Public. We rely with confidence on your Lordship's concurrence in the opinion we have submitted.

We have the honor to be, with the greatest respect,

Your Lordship's most obedient, humble Servants,

(Signed)

JACOB BOSANQUET,

HUGH INGLIS,

W. F. ELPHINSTONE,

EDWARD PARRY.

The Rt. Hon. Lord Viscount Melville,

&c. &c. &c.

No. XXV.

LETTER from the Deputation to the Rt. Hon. Lord Viscount Melville, also noticed in the preceding Minute.

My Lord, *East-India House, 19th March 1812.*

In addition to the subject on which we had the honor to address your Lordship yesterday, there are two points to which we are very desirous of calling your attention, before your Lordship leaves the India Board.

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The first point, which is mentioned in the hints submitted to your Lordship on the 4th instant, is the dividend of ten shillings per cent. paid to the Proprietors, under the Act of the 33d of His present Majesty, cap. 52, sec. 124, from the separate fund of the Company.

When it was in contemplation to increase the capital stock of the Company in 1797, it was found that the payment of this dividend to the Proprietors of the new stock would have exhausted the separate fund, previous to the expiration of the present term of the Company's exclusive trade. To guard against this, a clause was inserted in the Act of 37th of His Majesty, cap. 31, authorizing the payment of a dividend of ten shillings per cent. to the Proprietors of the increased stock, from the annual profits of the Company's trade.

The additional stock has not been raised, and the separate fund has been found adequate to the payment of the dividend of ten shillings per cent. upon the existing capital hitherto, and will continue to be so until the year 1819, when it will be nearly exhausted.

As the Proprietors have derived from the dividends little more than five per cent. on the capital, it appears to us that, on the renewal of the Company's privileges, they may entertain a reasonable expectation of continuing to receive this addition of ten shillings to the usual dividend of £10 per cent.; and as the separate fund will not, as stated above, be sufficient for the purpose, during any probable term, for which the renewal may be granted, we take the liberty of submitting to your Lordship's consideration the expediency of providing for the additional dividend, out of the general profits of the Company.

The other point to which we request your Lordship's attention is, the payment of the Property-duty on the dividends. The Court of Directors and the Proprietors have always considered it a hardship, that this duty was not allowed to be paid from the profits of the Company; we have the honor to enclose copies of letters on this subject, which were addressed to Lord Castlereagh in 1803 and 1804, and we flatter ourselves that the arguments they contain will induce your Lordship, when the question of renewing the privileges of the Company is under discussion, to recommend that authority may be given to make the Property-duty on the dividends a charge on the general profits of the Company.

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As the profits of the Company were specifically appropriated by the Act of 1793, some difficulty may possibly, from that circumstance, have occurred in conceding this point; but as, in any new arrangement, the subject of appropriation will necessarily undergo considerable modification, we should hope that the objection formerly urged may easily be obviated.

If it should be finally determined, that the surrender of any considerable proportion of the exclusive privileges of the Company is to be made, it appears to be the more necessary that some boon should be held out to the Proprietors, in alleviation of the sacrifices to which their consent may be required; we hope, therefore, we may be permitted to indulge a confident expectation of your Lordship's favorable consideration of the points now submitted.

We have the honor to be, My Lord,

Your Lordship's most obedient humble servants,

(Signed)

JACOB BOSANQUET,
HUGH INGLIS,
W. H. ELPHINSTONE,
EDWARD PARRY,
CHARLES MILLS.

The Rt. Hon. Lord Viscount Melville,

No. XXVI.

At a Secret Court of Directors, held on

Tuesday, the 24th March 1812.

The Chairman from the Committee of Correspondence laid before the Court a letter from Lord Melville to the Chairman and Deputy, dated the 21st instant, stating his sentiments in reply to their letter of the 4th instant, and enclosing

A paper containing "Observations on the Hints suggested by the Deputation of the Court of Directors, 3d March 1812."

The Chairman also laid before the Court a letter from Lord Melville to the Chairman and Deputy, dated the 23d instant, in reply to the two letters which the Deputation from the Court of Directors addressed to his Lordship on the 18th and 19th instant.

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The same were read.

The Chairman then moving the Court,

Ordered, That the several papers now read, together with the other correspondence, which has passed, respecting the negotiation for the renewal of the Company's exclusive privileges, be laid before the General Court to be held to-morrow, and printed, as speedily as possible, for the information of the Proprietors.

No. XXVII.

LETTER *from the Rt. Hon. Lord Viscount Melville to the Chairman and Deputy Chairman, notified in the preceding Minute.*

Gentlemen, *India Board, 21st March 1812.*

I have delayed answering your letter of the 4th instant (received the 6th) until I could transmit to you, at the same time, replies to the several propositions brought forward by the Deputation of the Court of Directors, at our conference on the 4th instant.

In submitting to you these observations, however, I beg to be distinctly understood, as conveying to you only the present sentiments of His Majesty's Government on the several points to which the propositions relate. Public discussion on such an important question, may possibly produce an alteration of opinion on some of the details; and though the subject has been fully considered, it may be deemed necessary, in the further progress of the measure, to propose, on some points, regulations of a different description from those which are suggested in the enclosed observations.

The Court of Directors are perfectly correct in supposing that it is now, as it has been for a considerable time past, the fixed intention of His Majesty's Government, to withhold their concurrence from any proposition which might be submitted to Parliament for continuing to the East-India Company their privileges of exclusive trade on their present footing. It is unnecessary now to discuss, whether the provisions of the Act of 1793 (by which the Company's monopoly was so far relaxed, as to admit the goods of private merchants to be conveyed in the Company's ships) have in any degree fulfilled the expectations or intentions of the Legislature.

lature. It will not be denied, that the facilities granted by that act have not been satisfactory, at least to the merchants, either of this country or of India. They have been the source of constant dispute, and they have even entailed a heavy expense upon the Company, without affording to the Public any adequate benefit from such a sacrifice. You will do me the justice to recollect, that in all our discussions on this subject, both recently and on former occasions, the admission of the ships of merchants in this country into the trade of India, in concurrence with those of the Company, has never been urged as a measure, from which much immediate benefit would, in my opinion, be derived, either to the country or to the individuals who might embark in the speculation; and I certainly am not without considerable apprehension, that, at least on the first opening of the trade, the public expectation, as to the British territories in India affording any considerable outlet for British manufactures, beyond the amount of our present exports, may be disappointed. On that admission, however, and on the necessity of guarding against the unrestrained intercourse of Europeans with the territories of the Company, or of the native States in India (in which also I fully concur), nearly the whole of the arguments adduced by the Court of Directors against any opening of the trade are founded. But it must be recollected, that in determining the question, as to continuing the whole or a part of the Company's monopoly, it will be the duty of Parliament to consider, not merely whether it may be safe to prolong it, but whether it may be unsafe to abridge or abolish it. As far as relates to the trade with India, and several other countries included within the limits of the Company's Charter, the Court do not appear to have succeeded in establishing the proposition, that any detriment will arise to the public interest, either in this country or in India, or ultimately even to the interest of the Company themselves, from the introduction of private adventurers. If the Company carry on their trade more expensively and with less activity and industry than private individuals, it is unjust to the country, as well as to the inhabitants of British India, that the exclusive monopoly should be continued; and in such a state of things, the trade is more likely to be advantageous to the country, and beneficial to the individuals in their hands, than in those of the Company: but if the latter shall conduct it with skill and enterprize, and with due

and unremitting attention to economy, the extent of their capital, and the superior facilities which they must continue to possess, of providing their investment in India at the cheapest rate, will undoubtedly afford them the means of successful rivalry with all other competitors.

In adverting, in your letter of the 4th instant, to the statement contained in mine of the 17th December, on the proposed transfer of the Company's army to the Crown, you do not appear to have understood accurately the purport of my suggestion. I entertained no doubt, as to the expediency of continuing to the Company's Governments in India the supremacy of their military, as well as civil authority: but though various regulations may possibly be necessary, with a view to promote the discipline and efficiency of the army in India, I am not aware, that any legislative enactments are requisite, except as to the amount of force which His Majesty may be empowered to maintain in India, at the expense of the Company, and perhaps also some provisions, in regard to the relative powers of the Board of Commissioners and the Court of Directors.

In your letter of the 4th instant, you advert to the question as to how far it may be expedient to admit into the trade with this country, ships built in India and manned with Indian seamen. This is undoubtedly an important consideration, as it involves in it, to a certain extent, a departure from the principles on which the navigation system of this country has hitherto been conducted. As far as the East-India Company is concerned, it will probably be necessary to leave the matter on its present footing, during the continuance of the war; but if the trade with India is to be opened to all British ships, in the manner already pointed out, there seems to be no sufficient reason for breaking in upon the system of our navigation laws, by permitting any other than British ships, with a due proportion of British seamen, to import colonial produce into the United Kingdom.

I have not thought it requisite, in this letter, to trouble you with any observations on several points adverted to in your's of the 4th instant, which are also noticed in the enclosed paper of hints and of replies to the several propositions. I shall abstain, also, from any remarks on the calculations detailed in your letter, and which are introduced more with the view, as I conceive, to vindicate the Company in their past management of the exclusive trade to India
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and the government of their territorial possessions, than to any practical results to be derived from your statement, in relation to the matters at present in discussion between His Majesty's Government and the Court of Directors. The Committee of the House of Commons on East-India Affairs have already submitted to the House detailed statements on that part of the subject, and in any further reports which they may present they will probably complete the investigation.

I am, Gentlemen,

Your most obedient humble Servant,
(Signed) MELVILLE.

To the Chairman and Deputy Chairman
of the East-India Company.

No. XXVIII.

*OBSERVATIONS on the Hints suggested by the Depu-
tation of the Court of Directors, 3d March
1812, adverted to in the foregoing Letter.*

1st, 2d, and 3d. It is deemed advisable, with a view to the security of the revenue and to other objects connected with the trade to China, to leave it on its present footing, and to guard, by proper regulations, against any encroachment on that branch of the Company's exclusive privilege.

4th. This proposition ought to be acceded to; with the reservation, however, that the Governments in India ought to be restricted from imposing new duties, without the previous sanction of the authorities in England.

5th. The Company are understood to have, in some degree, the power of regulating the internal trade of saltpetre in India; it appears, therefore, to be scarcely necessary to impose any other restrictions on the exportation of saltpetre from India, than such as may be deemed expedient for political objects, especially in time of war.

6th. The adoption of the regulation suggested in this proposition, will probably tend to the security and advantage of the public revenue, in collecting the duties on all articles imported from the East-Indies and China, as well as other countries to the eastward of the Cape of Good Hope.

7th. The Company ought at least to be indemnified from the charges incurred by this management.

8th. There

8th. There does not appear to exist any sufficient reason for preventing ships from clearing out for the East-Indies from other ports of the United Kingdom besides the port of London.

9th. It will be necessary, either by the regulations suggested in this proposition, or by others of a similar description, to guard against the evil therein described.

10th. It will probably be necessary to regulate the exportation of military stores to the East-Indies, and also of naval stores in time of war.

11th. It is understood that the object of this proposition is to secure to the manufacturers of piece goods in India the continuance of regular and constant employment, under the same system of local management, for their benefit, which prevails at present. If that object is likely to be attained, without continuing the restrictions mentioned in this proposition, it certainly would be desirable that they should cease, except in so far as it may be necessary to regulate the importation of Indian piece goods, with a view to the protection of British manufactures.

12th. As no such restriction exists at present in the importation of silk by private merchants, and as the reasons which have hitherto been adduced, on the part of the Court of Directors, for establishing such a regulation, though entitled to much consideration, do not appear to be conclusive, it will scarcely be deemed expedient to agree to this proposal.

13th. This suggestion appears to be perfectly reasonable.

14th. It is understood, that this proposition is founded on a principle of guarding against the dangers to which vessels of less burthen than four hundred tons would be exposed on a voyage to the East-Indies, and also of providing for the security of the revenue, which might be affected by permitting importations in smaller vessels. These reasons, though entitled to due consideration, do not appear to be sufficiently strong to justify the proposed restriction, or the making a distinction, in that respect, between ships trading to the East-Indies and to other countries.

15th. This seems to be reasonable.

16th. It will be necessary to provide, by proper regulations, for the care and maintenance of these persons, and for their return to the East-Indies.

17th. This proposal would be wholly inadmissible, unless
it

it were limited to such unexpired engagements as do not extend beyond March 1814, when the Company's present term of exclusive privileges will expire; but the public may fairly look to the Company to bear this burthen, as a compensation, to a certain extent, for the continuance of the exclusive trade to China.

18th. It will be indispensably necessary, for the purpose of guarding against the inconvenience herein alluded to, that the existing restrictions shall be continued, with such alterations as may be requisite, in the new system of trade.

19th. The number of His Majesty's forces to be maintained by the East-India Company may, without inconvenience, be limited, as herein suggested. It will be necessary, however, in consequence of the increased extent of the British territories in India, since the passing of the Act by which the number is at present regulated, that a considerable addition should be made to it.

20th. It will be necessary, that the present system of accounting between the East-India Company and the Paymaster General should be abolished, and new regulations enacted.

21st. These demands must necessarily be arranged on the principles suggested by the Committees of the House of Commons, who have reported upon the subject of the accounts herein referred to. If it were necessary or proper, in discussing the future regulations which it may be deemed advisable to establish, respecting the affairs of the East-India Company, there would be no difficulty in demonstrating, that the amount of force maintained in India has not gone beyond what was requisite for the defence and security of the Company's possessions, and for other operations, intimately and inseparably connected with those objects.

22d. The Proprietors ought to be secured, as at present, in their dividend of ten and a half per cent.

23d. The whole of the surplus funds of the East-India Company, at home and abroad, ought to be applied, in the first instance, to the reduction of debt, till it is reduced in India to the sum of ten millions, and the bond debt at home to the sum of three millions, after providing for a proportionate increase of the capital stock of the Company, if they shall think fit to avail themselves of the power now vested in them by law to that effect.

24th. It

24th. It is intended to submit to Parliament a proposition to that effect, or similar in substance.

25th. If the object adverted to in this proposition can be obtained by exclusion from the dominions of the Emperor of China, and a prohibition to import the produce of that country without license from the Company, it will be preferable to the mode herein suggested. There seems to be no reason for excluding the private trade from the Spice Islands.

No. XXIX.

LETTER from the Rt. Hon. Lord Viscount Melville to the Chairman and Deputy Chairman, also noticed in the Minute above-mentioned.

Gentlemen, *India Board, 23d March, 1812.*

I have had the honor to receive the two letters which the Deputation from the Court of Directors addressed to me, on the 18th and 19th instant.

It is undoubtedly reasonable, that the further term now proposed to be granted to the East-India Company of their privileges of exclusive trade and the government of the British territorial possessions in India, should be for such a period, as may be sufficient, if unforeseen contingencies do not arise, to produce a considerable reduction of the debt, both in India and at home. The experience, however, of the last twenty years, has sufficiently demonstrated, that it is impossible to calculate, with any degree of accuracy, on what may be the state of the Company's affairs in India at the expiry of another period of the same duration. If they are prosperous, the same term as was granted in 1793 will be sufficient for the purposes described in your letter of the 18th; but if untoward events shall occur, and the Company shall be again engaged in expensive wars, it will be desirable that Parliament should have the opportunity of reconsidering the subject, and of making such new provisions as the case may appear to require. Under those circumstances, I do not think it will be advisable to propose a longer term than what was granted by the Act of 1793, *viz.* twenty years from the expiry of the existing period, with three years previous notice.

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I have no hesitation in admitting that the suggestion in your Letter of the 19th instant, relative to the continuance of the dividend of ten shillings per cent. on the existing capital of the East-India Company, after the separate fund shall be exhausted, is reasonable, and that it will be proper to comply with it.

Your proposition, in regard to the payment of the Property-tax, requires much more consideration, and I cannot, at present, bring myself to concur in the expediency of agreeing to submit it to Parliament. A confident expectation may be entertained, from the state of the Company's revenues in India, and from the reduction of expense which has already taken place, or which may still be effected, both at home and abroad, by means completely within your power, that a large annual surplus will be available towards the reduction of debt; but when it is recollected, that though the amount of the debt in India has recently been considerably diminished, it has been proportionably increased at home, and considering, also, that provision must be made, for the possible contingency of the Company having to pay, in this country, the interest, not only of their large debt at home, but also of the whole debt of India, I do not think that it would be wise or prudent, at least till after the experience of a few years, to make an addition to the permanent charges of the Company at home, to the amount of the Property-tax upon their dividends.

I am, Gentlemen,

Your most obedient humble servant,

(Signed)

MELVILLE.

The Chairman and Deputy Chairman
of the East-India Company.

FURTHER PAPERS.

No. XXX.

NOTE from Lord Melville inclosing Copy of a Resolution of a Meeting of Persons interested in the Tin Trade.

Lord Melville presents his compliments to the Chairman and Deputy Chairman, and transmits for their consideration, the inclosed copy of a resolution of a meeting of persons interested in the Tin trade, which was communicated to him by Mr. Tyrwhitt.

India Board, 5th March, 1812.

“RESOLVED, “*Redruth, 24th February, 1812.*

“ That Lord Falmouth, Lord De Dunstanville, the
“ Lord Warden, the County Members, Davies Giddy,
“ Esq., Mr. Unwin, and any other gentlemen of the
“ county, interested in the tin trade, who may happen
“ to be in London, be desired to use their endeavours to
“ get a clause inserted in their charter, binding them to
“ export a certain quantity of tin, not exceeding 1200
“ tons per annum, at a certain price, to be fixed at
“ twenty per cent. under the average price of tin in
“ London in each year.”

No. XXXI.

LETTER from the Chairman and Deputy Chairman to the Rt. Hon. Lord Viscount Melville, in reply to the preceding Note.

MY LORD, *East-India House, 21st March 1812.*

We have laid before the Court of Directors of the East-India Company, your Lordship's note dated the 5th instant, transmitting copy of a resolution of a meeting
of

of persons interested in the tin trade of the county of Cornwall, held at Redruth, on the 24th ultimo, desiring the Noblemen and Gentlemen of that county to use their endeavours to get a clause inserted in the East-India Company's Charter, binding the Company to export a quantity of tin, not exceeding twelve hundred tons per annum, at a price to be fixed at twenty per cent. under the average price of tin in London each year; and we have been requested to inform your Lordship, that the Court have been uniformly actuated by the strongest wish to extend generally the sale of British manufactures and produce within the limits of the Company's exclusive trade, and that the Court doubt not that the correspondence which has from time to time taken place, between them and the gentlemen interested in the British Mines, together with the increase of three pounds per ton which the Court have agreed to pay in the present year, have impressed those gentlemen with a full conviction that the article of tin has been a very particular object of the Court's attention.

That in pursuance of the arrangement made between the East-India Company and the county of Cornwall, in the year 1739, there has been sold at the several factories in India and at China, in twenty-two years, the total quantity of sixteen thousand six hundred and fifty (16,650) tons of British tin, for the sum of one million three hundred and ninety-nine thousand two hundred (1,399,200) pounds sterling, which gives the average annual quantity of seven hundred and fifty-six (756) tons, and the average sale price of eighty-four pounds (£84) per ton.

That it is understood, the quantity of tin annually imported into Canton amounts to about eighteen hundred (1800) tons, and that the Court are most ready and desirous to use their endeavours, that the whole of the supply of that country, and also of the Peninsula of India, should be from the mines of Cornwall. But the Court fear, that the circumstances hereafter noticed will be found to be such, as to render it a matter of difficulty to maintain the export of British tin at its present average annual quantity of about eight hundred tons, and consequently, that a permanent annual export of twelve hundred tons will have a tendency, by overstocking the

market, to reduce the sale price in Asia, and to produce a loss, even at the *present* rate of cost paid by the Company, but which being superadded to the *increase of cost* required by the resolution of the gentlemen interested in the tin mines, would cause a loss of most enormous extent to fall upon the Company, and which the Court are satisfied could not have been in the contemplation of the gentlemen who framed the resolution which has been transmitted to the Court.

That it is well known to the gentlemen of the county of Cornwall, that Malacca, Banca, and other places in the eastern parts of India, produce tin in great abundance : and as some of these territories are now under the dominion and government of His Majesty ; and as the restrictions which have lately checked the trade of others, which still remain under their native princes, will have been removed by the annihilation of the power of the Dutch and French in the Eastern Seas, and the withdrawing of the obstructions to free intercourse consequent to a state of war, it would seem to follow of course, that the exportable commodities of those countries will find a more quick circulation in the places where they are required, and that Malay tin will be sent to China in considerable quantities, as formerly.

That the Dutch Company are understood to have had a treaty with the chief of the island of Banca, by which that personage was bound to deliver to them the whole of the tin produced in his territories, at the price of twenty-seven florins per hundred pounds Dutch weight, which is equal to about forty-seven pounds ten shillings per ton, English weight ; but which treaty being compulsatory on the part of the Dutch, was evaded, whenever it was in the power of the native chief to obtain surreptitious sales at a higher price ; and from the information which the Court have obtained, the fair current price of Banca tin may be stated at from sixty-seven pounds to seventy pounds sterling per ton. The Dutch Company obtained about one thousand tons of Banca tin annually, at the treaty price of £47 10s., part of which they sold in Asia, and part was sent to Europe, in the regular course of their trade. Tin is also produced, in considerable quantities in the countries lying on the Western side of South America ; and the Court could, at the present time, purchase

chase a quantity of South American tin, now in Spain, but which of course they decline, not intending, on any account, to encourage foreign tin.

That as there does not appear to be any sufficient reason to expect that British tin will produce a higher price in China than Banca tin, and as the Court see no reason whatever to hope, that the average prices which have been obtained for tin in the last twenty-two years will be exceeded in the ensuing twenty-one, so the Court would not be strictly justified in taking a higher sum for the future estimated sales than £84 per ton, or fifteen tales per pecul.

That it further appears, the average price of all the tin which has been received by the Company from the county of Cornwall has amounted to seventy-four pounds one shilling per ton, at which rate of cost the Court will state the price which the tin ought to produce in China, to reimburse the Company in the actual charges, except the freight, which the Court propose wholly to omit, they being ready to carry the tin out freight free.

Cost per ton, as above	-	-	-	-	£74	1	0
Freight	-	-	-	-	0	0	0
Insurance, 3 per cent. in time of peace, 6							
per cent. in war, say $4\frac{1}{2}$ per cent.	-				3	6	8
Omit charges in England	-	-	-	-	0	0	0
Charges actually paid in China, 2 per cent.							
commission, besides boats and charges of							
the Factory, but say only 2 per cent.	-				1	9	8
Interest for four months, at 5 per cent. per							
annum	-	-	-	-	1	4	8

Total cost of a ton of tin - - £80 2 0

That it appears from the above calculation, the Company have hitherto received the difference between £84 per ton and £80 2s. per ton, say £3 18s., as a compensation for freight and charges of establishment; but as the Court have, in the present season, agreed to receive eight hundred tons of tin at the advanced price of £78 per ton, the computation will hereafter be as follows:

Cost price per ton	-	-	-	-	£78	0	0
Carried forward	-	-	-	-	£78	0	0
Freight							

	Brought forward	-	£78	0	0
Freight	-	-	0	0	0
Insurance $4\frac{1}{2}$ per cent. average of war and peace	-	-	3	10	2
Charges in England	-	-	0	0	0
Ditto in China, 2 per cent.	-	-	1	11	2
Interest, four months	-	-	1	6	0
			£84	7	4

Estimated sale proceeds, on an average of twenty-two years, is 15 tales 0 mace per pecul, or per ton

-	-	-	-	84	0	0
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Difference	-	-	-	£	0	7	4
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being a loss of 7s. 4d. per ton exclusive of freight and charges of establishment.

But as the Court are desirous of extending to the utmost the advantages which may arise to the county of Cornwall on the present occasion, they propose that the last price of tin in China known to the Court, viz. 15 tales 5 mace per pecul, should be taken as the standard of computation, although the Court are fully satisfied that that price will not be obtained for a series of years, in case of an enlarged exportation of twelve hundred tons.

The estimate will then be: cost and char-

ges of a ton of tin, at £78, as before	-	£84	7	4		
Sale proceeds, at 6s. 8d. the tale, and 15 tales 5 mace the pecul	-	-	-	86	16	0

Difference	-	-	£	2	8	8
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which difference of £2 8s. 8d. per ton is to defray freight and charges, as before.

That the Court having thus fairly and explicitly represented the experience of the past, and assumed the most favorable view of the future state of the trade in British tin to the countries within the Company's exclusive limits, the Court will revert to the effects which would probably be produced by the adoption of the proposition of the county of Cornwall, as to an exportation of twelve hundred tons of tin, at a price to be fixed, from time to time, at twenty per cent. below the London current price.

That

That the price of Cornish tin, in the year 1750, was about £74. 10s. per ton in London, at about which price it continued (with some fluctuations) until the year 1789, the date of the agreement with the Company, in which year the average price was £70. 10s per ton in London.

That in consequence of the arrangement with the Company in 1789, whereby the surplus quantity of Cornish tin has been taken out of the London market, the price of that tin has risen to £100, £120, £150, and even £171 per ton, whereby the miners have been enabled to work their deepest mines, and to meet the pressure of the times, in as much that the agency of the Company, in this particular, has been termed the political salvation of the county.

That the price of British tin, this day, in London, is reduced to £133 per ton, although a parcel of prize Asiatic tin has now produced at the Company's sales as high a price as £187 per ton, the fall in British tin arising, the Court apprehend, from the markets here being overstocked, by reason that the miners have declined to deliver to the Company, in the last three years, the usual quantity of tin for exportation to China.

That it cannot be doubted but that the price of tin will again advance in London, so soon as the usual exportation to China shall take place; but the Court will assume merely, that it shall remain stationary, at the present price of £133 per ton.

That in this view of the case, which it cannot be supposed will happen, but that the price must greatly rise beyond its present rate, the proposition before the Court will operate to the Company's loss, as follows:

The future market price of tin, per estimate	£133	0	0
Deduct 20 per cent.	-	-	-
		26	12 0
Leaves the price to be paid by the Company	106	8	0
Add freight	-	-	-
		0	0 0
Insurance, war,* 6 per cent.	-	-	-
		5	6 4
Charges in China actually paid, 2 per cent.		2	2 6
Charges establishments in England and China	-	-	-
		0	0 0
Interest 4 months, at 5 per cent. per annum		1	15 5
Cost and charges of a ton of tin	-	-	-
		115	12 3

* Peace insurance, 3 per cent.

	Brought forward	£115	12	3
Sale price in China, at the rate of 15 taels 5				
mace per pecul, is per ton	- - - - -	86	16	0

Which leaves the loss on each ton of tin at £28 16 3

And supposing that twelve hundred tons are taken each year, the annual loss will be £34,575 : and further, if it be contemplated that the contract shall be binding upon the East-India Company for twenty-one years, the gross loss in that time, at compound interest, will accumulate to upwards of £1,300,000.

That the Court are fully sensible of the obligation which is imposed upon the Company, in return for the exclusive privilege of trade to China, to exert their utmost endeavours to extend the consumption of British manufactures and produce in that empire; a duty which they have most actively performed; and in the present instance with eminent success.

That the Court desire steadily to follow the same principles, and will therefore carefully abstain from making any observations on the present occasion which may call for a reply; but as it has been demonstrated, that the present comparatively favorable condition of the tin miners has arisen entirely from the Company taking off their surplus tin, without any profit, or expectation of profit to themselves, it cannot be reasonably expected, that the success and stability which have been occasioned to the mining interests, should be urged as a cause to prove that the Company should embark in a new undertaking, which will most certainly be productive of the ruinous effects above-mentioned.

That as the gentlemen of the county of Cornwall have, during the whole course of the last arrangement (twenty-two years), expressed themselves satisfied with the justice, and indeed with the liberality of the Company's proceedings, the Court cannot but consider, that those gentlemen were not sufficiently informed of the actual state of the tin trade in Asia, when they drew up the resolution now under consideration.

That the Court cannot, therefore, consent to pledge the East-India Company to receive tin at the high price now contemplated, nor at any indefinite price dependant upon

upon future contingencies; but that the Court will be ready to purchase of the county of Cornwall the annual quantity of eight hundred tons of tin, at the price of £80 per ton, payable by bills of exchange, at twelve months date, as at present, with interest for six months, at five per cent. per annum in time of war, and four per cent. per annum in time of peace, the estimated out-run of which will probably be as follows, *viz.*

Cost of a ton of tin - - - - -	£80	0	0
Freight - - - - -	0	0	0
Insurance, 6 per cent. in war * - - -	4	16	0
Charges in England - - - - -	0	0	0
Commission in China, 2 per cent. - -	1	12	0
Charges Establishment in China, boats, and interest four months at 5 per cent. per annum. - - - - -	1	6	8
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Total cost and charges of a ton of tin -	£87	14	8
Sale in China, estimated to be 15 taels 5 mace per pecul, or per ton - - - -	86	16	0
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Loss per ton - - - - -	£0	18	8

And that the Court will be ready to take a further annual quantity of four hundred tons, should the County see fit to offer the same, at the price of £75 per ton, payable as above.

But that should the newly acquired territorial possessions in the Indian seas, aided by the events which are passing in South America, open facilities for importing increased quantities of tin into China, so as to reduce the price there in any considerable degree, it is to be understood, that the sum of £80 and £75 per ton shall undergo revision, with a view to a just and proportionate reduction: on the contrary, should the price of tin be advanced in China, the Company will be ready to make an equivalent addition to the prices now conceded.

That should the county of Cornwall not approve the above propositions, the Court will be ready to receive annually twelve hundred tons of tin, and to consign the same to China, free of freight, there to be sold on account

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* In peace 3 per cent.

of the proprietors, deducting only the insurance and actual expences, agreeably to the plan suggested by Nicholas Downethorne, Esq. Chairman of the Quarterly Tin Meetings in Cornwall, in the year 1780.

That the Court are desirous, that the County should adopt the latter proposition of receiving the actual sales in China, rather than the former, of selling the tin to the Company at £80 per ton; and as it may be desirable to the proprietors of the tin to receive the greater part of the estimated proceeds before the account sales can arrive in London, the Court will agree to advance bills, as at present, at the rate of £60 per ton, upon the delivery of the tin to the Company, in London, to be repaid with interest at five per cent. per annum, out of the amount of the sales.

We have the honor to be, My Lord,
Your most obedient humble servants,
(Signed) JACOB BOSA
HUGH INGLIS.

The Right Hon. Lord Viscount Melville,
&c. &c. &c.

No. XXXII.

At a General Court of the United Company of Merchants of England trading to the East-Indies, held on

Wednesday, the 25th March 1812.

The Chairman acquainted the Court, that it is made special, for the purpose of laying before the Proprietors the communications which have taken place between His Majesty's Government and the Court of Directors, respecting the renewal of the Company's Charter.

The following papers were then laid before the Court and read, *viz.*

Letter from the Right Honorable Robert Dundas to the Chairman and Deputy Chairman, dated the 30th September 1808.

Minute of a Secret Committee of Correspondence, the 12th October 1808; and

Letter

Letter from the Chairman and Deputy Chairman to the Right Honorable Robert Dundas, dated the same day.

Minute of a Secret Court of Directors, held on Friday the 16th December 1808; and

Letter from the Chairman and Deputy Chairman to the Right Honorable Robert Dundas, dated the same day.

Minute of a Secret Court of Directors, held on Friday, the 13th January 1809; and

Letter from the Right Honorable Robert Dundas to the Chairman and Deputy Chairman, dated the 28th December 1808

Minute of a Secret Court of Directors, held on Tuesday, the 17th January 1809.

Letter from the Chairman and Deputy Chairman to the Right Honorable Robert Dundas, dated the 13th January 1809.

Minute of a Secret Committee of Correspondence, the 28th February 1809.

Letter from the Chairman and Deputy Chairman to the Right Honorable Robert Dundas, dated the 5th December 1809.

Letter from the Right Honorable Lord Viscount Melville to the Chairman and Deputy Chairman, dated the 17th December 1811.

Minute of a Secret Court of Directors, held on Monday, the 2d March 1812.

Letter from the Chairman and Deputy Chairman to the Right Honorable Lord Viscount Melville, dated the 4th March 1812.

Minute of a Secret Court of Directors, held on Friday, the 6th March 1812.

Hints approved by the Committee of Correspondence, and submitted to the consideration of the Right Honorable Lord Viscount Melville.

Letter from the Deputation to the Right Honorable Lord Viscount Melville, dated the 18th March 1812.

Letter from the Deputation to the Right Honorable Lord Viscount Melville, dated the 19th March 1812.

Minute of a Secret Court of Directors, held on Tuesday, the 24th March 1812.

Letter from the Right Honorable Lord Viscount Melville to the Chairman and Deputy Chairman, dated the 21st March 1812.

Observations on the Hints suggested by the Deputation of the Court of Directors the 3d March 1812, adverted to in the foregoing letter.

Letter from the Right Honorable Lord Viscount Melville to the Chairman and Deputy Chairman, dated the 23d March 1812.

It was then moved, and on the question,

Resolved Unanimously, That the consideration of the above mentioned papers be adjourned till Thursday next, the 2d April.

No. XXXIII.

At a Secret Committee of Correspondence,

the 31st March 1812.

Read again, and considered, letter from Lord Melville, dated the 21st March, and his Lordship's observations on the Hints.

No. XXXIV.

At a General Court of the United Company of Merchants of England trading to the East-Indies,

Held on Thursday, the 2d April 1812.

Minutes of the last Court of the 25th ultimo were read.

The Chairman acquainted the Court that it was assembled for the purpose of taking into consideration the papers which were laid by the Court of Directors before the General Court on the 25th ultimo.

It was then moved, and after a mature deliberation,

Resolved Unanimously, That this Court having perused the papers laid before them at the last General Court, desire to express the high sense which they entertain of the great ability, zeal, and fidelity, with which the Directors have maintained the interest of the East-India Company. They return them thanks for the powerful and convincing arguments by which they have shewn the danger which would await the British empire, from opening the trade of India, and the immense advantages which
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the nation has derived, in strength, revenue, territory, and character, from the capital and the exertions of this Corporation.

That although this Court will feel it their duty, on all occasions, to bow to the determination of the Legislature, they cannot but observe with extreme concern, that no proposition is suggested of an increased or further dividend, either now or hereafter, or advantage of any kind whatever, to the Proprietors of East-India Stock; notwithstanding the negotiation for the renewal of the Charter, in 1793, begun with a proposal for an increase of dividend of two per cent., which Charter opened the trade but in a limited and partial degree; and notwithstanding that, while such great and progressive advantages have been obtained for the public at large, the Proprietors themselves have made little more than common interest of their money. That now to be called upon to part with an undefined proportion of a trade thus established, and maintained hitherto at their sole expense, without any consideration for the same, seems to them to be wholly inequitable. Under these impressions, this Court confides to the Honorable Court of Directors the care of its interests in the farther negotiation for a new Charter, trusting to the justice of their fellow citizens, as well as to His Majesty's Government and to Parliament, that they shall receive that liberal treatment, which they regard themselves as so eminently entitled to at the hands of their country.

-And that the Directors be requested to report their proceedings, from time to time, to this Court.

That this Court cannot contemplate the essential change proposed in the constitution of the Company, by an unrestrained trade to and from India, without great concern and apprehension; not so much on account of the injury to which it will subject the Company in their commercial privileges and profits, as on account of the tendency which such a change must have to affect the system established by the Legislature, for the civil and political government of the Company's territorial possessions, whilst it is not at all likely to afford to the commercial interests of this country the advantages expected from it.

Should, therefore, the opening of the trade to India
be

be the ultimate determination of Parliament, this Court cannot but express its hope, that all due care will be taken to accompany the enlargements which shall be given to individuals in the Indian trade, with such regulations as shall most effectually guard against the dangers to which those enlargements might expose the existing system of Indian administration.

Draft of a petition to the Honorable House of Commons was then read, being as follows. [See No. XXXV.]

It was then moved, and on the question,

Resolved, That this Court do approve the above petition.

The Court then, on the question adjourned.

No. XXXV.

COPY of a Petition from the East-India Company to the Honorable House of Commons, noticed in the preceding Minute.

To the Honorable the Commons of the United Kingdom of Great Britain and Ireland in Parliament assembled.

The humble Petition of the United Company of Merchants of England trading to the East-Indies,

SHEWETH,

That by an Act of Parliament made and passed in the thirty-third year of the reign of His present Majesty, entitled, “ An Act for continuing in the East-India Company, for a further term, the possession of the British territories in India, together with their exclusive trade, under certain limitations for establishing further regulations for the government of the said territories, and the better administration of justice within the same; for appropriating to certain uses the revenues and profits of the said Company, and for making provision for the good order and government of the towns of Calcutta, Madras, and Bombay;” reciting, that it was expedient that the exclusive trade of your Petitioners, within the limits of their charter, which by an Act made in the twenty-first year of his Majesty’s reign,

reign, for establishing an agreement with your Petitioners and other purposes, was continued to them for a term thereby limited, should be further continued to them and their successors, under certain limitations and restrictions, for a term of twenty years, to be computed from the 1st day of March 1794, liable to be discontinued, at or after the end of such period, upon three years' notice previously given by Parliament for that purpose; and that, during the said further term, all the territorial acquisitions obtained in the East-Indies, which by an Act made in the seventh year of his Majesty's reign, for establishing an agreement for the payment of a certain annual sum, for a limited time, by your Petitioners, in respect of the said acquisitions and the revenues thereof, and by subsequent Acts were continued in the possession of the said Company, together with the territorial acquisitions then lately obtained there, with the revenues of the same, respectively, should remain in the possession of your Petitioners, without prejudice to the claims of the Public or of your Petitioners, subject to such powers and authorities, for the superintendance, direction, and control over all acts, operations, and concerns, which related to the civil or military government or revenues of the said territories, as had been then already made or provided by any Act or Acts of Parliament in that behalf, and to such further powers, and under and subject to such other rules, regulations, and restrictions, relating to or concerning the said civil government and the appropriation of the said revenues, as should be then made and provided by the authority of Parliament; it was thereby enacted, that the said territorial acquisitions in the said former Acts mentioned, together with the territorial acquisitions then lately obtained in the East-Indies, with the revenues thereof respectively, should remain and continue in the possession of your Petitioners, for and during the further term by that Act granted to them in the said exclusive trade, subject nevertheless to the several regulations and provisions in that Act contained. And by the said Act His Majesty was empowered to nominate, constitute, and appoint, during his pleasure, such Members of the Privy Council, of whom the two principal Secretaries of State and the Chancellor of the Exchequer for the

time being should always be three, and such other two persons as His Majesty should think fit to be, and who should accordingly be and be stiled Commissioners for the affairs of India. And the said Board of Commissioners were, by the said Act, invested with full power and authority to superintend, direct, and control all acts, operations, and concerns, which in any ways should relate to or concern the civil or military government or revenues of the said territories and acquisitions in the East-Indies, subject nevertheless to such directions, rules, regulations, and restrictions, and to such appropriations of the said revenues, as were by that Act made, provided, and established. And it was further enacted, that your Petitioners and their successors should have, use, and enjoy, and should continue to have, use, and enjoy, the whole, sole, and exclusive trade and traffick, and the only liberty, use, and privilege of trading, trafficking, and exercising the trade or business of Merchandize, in, to, and from the East Indies, and in, to, and from all the islands, ports, havens, coasts, cities, towns, and places, between the Cape of Good Hope and the Streights of Magellan, and limits in an Act made in the ninth year of the reign of King William the Third, or in a certain charter of the fifth day of September, in the tenth year of the same King, mentioned, in as ample and beneficial manner as your Petitioners could thereby or otherwise lawfully trade thereto, subject nevertheless to the several limitations, conditions, and regulations in that Act contained, and also subject to the proviso thereafter contained, for determining the same, any former Act or Acts, matter or thing, to the contrary notwithstanding. And it was further enacted, that your Petitioners should, at all times thereafter (subject as aforesaid) have, hold, and enjoy, and be entitled unto all and singular the profits, benefits, and advantages, privileges, franchises, abilities, capacities, powers, authorities, rights, remedies, methods of suits, penalties, forfeitures, disabilities, provisions, matters, and things whatever, which by any former Act or Acts of Parliament, or by any Charter or Charters founded thereupon, or by any clause or clauses in the said Acts or Charters contained, were enacted, given, granted, provided, limited, established, or declared, to, for, touching, or concerning your Petitioners, either by the
name

name of the General Society entitled to the advantages given by an Act of Parliament for advancing a sum, not exceeding two millions, for the service of the Crown of England, or the body politic and corporate, called by the name of the English Company trading to the East-Indies, or the body politic and corporate called by the name of the United Company of Merchants of England trading to the East-Indies, and not by that Act, or any other Act then in force, repealed or altered, according to the tenor and true meaning of the said Acts and Charters, and of that Act, freed and discharged from all provisoes and conditions of redemption and determination, in any former Act or Acts contained; and the same, and every of them, were and was thereby ratified and confirmed, and to continue to be held and enjoyed, and be practised and put in execution by your Petitioners and their successors, for the better and more effectually settling and securing to them and their successors the whole, sole, and exclusive trade to the East-Indies and parts aforesaid. And for the preventing trade thereto, contrary to the true intent and meaning of that Act, and for securing also their possessions, estates, and effects, and governing their affairs and business, in all respects, as fully and effectually, as if the same profits, benefits, advantages, trade, privileges, franchises, abilities, capacities, powers, authorities, rights, remedies, methods of suit, penalties, forfeitures, disabilities, provisions, matters, and things, were severally repeated and at large re-enacted in the body of that Act; subject nevertheless to such restrictions, covenants, and agreements, as were contained in the said Acts or Charters then in force, and not therein or thereby repeated, varied, or altered, and subject also to the several enactments, conditions, limitations, and provisoes, in that Act contained. And it was thereby further enacted, that at any time, upon three years' notice to be given by Parliament, after the first day of March, which would be in the year of our Lord one thousand eight hundred and eleven, upon the expiration of the said three years, and upon payment made to your Petitioners, of any sum or sums which, under the provisions of any Act of that present session of Parliament, should or might, upon the expiration of the said three years, become payable to your Petitioners by the Public, according to the true intent, and

and meaning of such Act, then and from thenceforth, and not before or sooner, the said right, title, and interest of your Petitioners to the whole, sole, and exclusive trade to the said East-Indies and parts aforesaid, should cease and determine. And it was thereby further enacted, that nothing in the said proviso, last therein before contained, or in any proviso in the said Act of the ninth year of King William the Third, or in the said Charter of the fifth day of September, in the tenth year of his reign, or in any other Act or Charter contained, should extend, or be construed to extend, to determine the corporation of your Petitioners, or to hinder, prevent, or preclude your Petitioners or their successors, from carrying on, at all times after such determination of the right to the sole, whole, and exclusive trade, as aforesaid, a free trade into and from the East-Indies and parts aforesaid, with all or any part of their joint stock, in trade, goods, merchandizes, estate, and effects, in common with other the subjects of His Majesty, his heirs and successors, trading to, in, and from the said parts or limits. And by the said Act it is enacted, that for and during so long time as your Petitioners should be entitled to the whole, sole, and exclusive trade and traffic into and from the East-Indies, and other places within the limits of their Charter, subject to the provisions, regulations, and limitations in that Act contained, the clear profits arising from the said territorial acquisitions and revenues in India, after defraying the charges and expences of collecting the same, should be applied and disposed of to the uses and purposes therein mentioned and expressed; and also that during the continuance of the exclusive trade to your Petitioners, the nett proceeds of their sales of goods at home, with the duties and allowances arising by private-trade, and all other profits of your Petitioners in Great Britain, after providing for the payment of bills of exchange then already accepted by your Petitioners, as the same should become due, and for the current payment of other debts, interest, and other outgoings, charges, and expences of your Petitioners (their bond debt always excepted), should be applied and disposed of in the manner therein mentioned, as by the said Act, relation being thereunto had, may more at large appear.

That the notice required by the said Act of Parliament
hath

hath been given by the Speaker of your Honorable House, for determining the exclusive trade of your Petitioners, on the 10th day of April, one thousand eight hundred and fourteen.

That since the said Act was passed, further territorial acquisitions, yielding a large revenue, have been obtained by your Petitioners, and such acquisitions have been annexed to the several governments of your Petitioners in the East-Indies, and sundry debts, to a large extent beyond what are mentioned in or referred to by the said Act, have been incurred by your Petitioners, in the defence and protection of the British possessions in India, and by reason of wars, in which the British nation has been engaged with European powers.

That such debts bear interest, and some of them are due in the East-Indies, and others of them have been discharged by your Petitioners, by means of money raised on their credit in this country, under the authority of Parliament.

That by virtue of the terms of the obligations for other part of such Indian debt, further sums, to a large amount, will be payable shortly in this country, for which purpose it will be necessary for your Petitioners to raise a further sum of money here.

That the system established by the said Act, for the government of the territorial acquisitions in the East-Indies, for the management of the revenues thereof, and for the general conduct of the affairs of your Petitioners, hath been approved by experience; but the appropriations made by the said Act of the profits arising from the territorial revenues in India, and of the profits of your Petitioners at home, appear to your Petitioners to be inapplicable to the present state of the Indian debts and resources, and of the concerns of your Petitioners.

That your Petitioners believe, that it is undeniable, that the exclusive trade carried on by your Petitioners has been a great positive advantage to the nation; and although they do not presume to state as an incontrovertible fact, that greater public benefit would accrue from its being continued in its present state, than from its being any further opened, yet your Petitioners do venture humbly, but confidently, to assure this Honorable House, that the trade

trade with China could not be opened in any degree, without extreme danger.

That if it should not be seen fit to enlarge the term now held by your Petitioners in the whole of the trade which they now enjoy, without qualification, your Petitioners are ready to submit to such regulations as shall be just, and as Parliament, in its wisdom, shall enact, for the conduct of the commercial intercourse of His Majesty's subjects, with those places which are within the exclusive limits granted to your Petitioners.

That on account of the length and variety of the matters necessary to be considered and prepared, in relation to the subject of this petition, your Petitioners were unable to prepare a petition, praying leave to bring in a bill or bills, relative to the Indian territories and trade, until the time limited for presenting petitions for private bills was expired.

Your Petitioners therefore most humbly pray, that leave may be given to your Petitioners, now to present a petition to this Honorable House, praying that leave may be given to bring in a bill or bills, for continuing the possession, government, and management of the territorial acquisitions in the East-Indies, in your Petitioners, subject to regulation; and for altering the appropriations of the profits arising from the Indian revenues; and for enabling your Petitioners to raise such sums of money, or to contract such pecuniary obligations as their affairs may require, in respect of the payment, in this country, of debts originally contracted in India; and for settling the trade to the East-Indies and China, and other places from the Cape of Buona Esperanza to the Streights of Magellan; or that your Petitioners may have such other relief as their case may require.

And your Petitioners, as in duty bound, shall ever pray, &c.

MEMORANDUM: *The Petition prayed leave to be presented is recited in the above Petition.*

No. XXXVI.

At a Meeting of the Deputation,

The 4th April 1812.

The Chairman stated, that himself and the Deputy had a conference yesterday with the President of the Board of Commissioners.

Read again, and considered, the Hints and the Observations on them.

No. XXXVII.

At a Secret Committee of Correspondence,

The 6th April 1812.

The Chairman stated to the Committee, that the Chairs had a conference yesterday with the President of the Board of Commissioners.

Letter from Lord Mciville, dated the 21st March, was read, and further considered.

No. XXXVIII.

At a Court of Directors, held on

Monday, 6th April 1812.

On a motion,

Ordered, That the Company's seal be affixed to their Petition to the Honorable House of Commons, which was approved in Court and in the General Court on the 2d instant; also to a Petition for leave to present the same: and that such Members of this Court as are Members of the House of Commons be requested to present the said Petitions.

No. XXXIX.

At a Court of Directors, held on

Thursday, 9th April 1812.

On a motion,

Resolved, That agreeably to the Court's resolution of the

the 2d ultimo, appointing a Deputation of Directors to confer with His Majesty's Ministers, on the subject of a renewal of the Company's exclusive privileges, the undermentioned gentlemen be appointed for that purpose, viz.

The Chairman,
Deputy Chairman,
The Honorable William Fullarton Elphinstone,
Jacob Bosanquet, Esq.
Charles Grant, Esq.
George Smith, Esq.
Edward Parry, Esq.
William Astell, Esq.

No. XL.

At a Meeting of the Deputation,

The 11th April 1812.

The Chairman stated, that the Deputy and himself had a conference with the Earl of Buckinghamshire on Tuesday last.

Read again the Hints and Observations, and deliberated thereon, as far as Article 12 ;—

And adjourned to Monday next, at two o'clock.

No. XLI.

At a Meeting of the Deputation,

The 13th April 1812.

Proceeded in deliberating further on the Hints and Observations, and

Adjourned to Wednesday next.

No. XLII.

At a Meeting of the Deputation;

The 15th April 1812.

Draft of a letter to the President of the Board of Commissioners was read and approved ;

And the Chairman was requested to submit the same to the Court of Directors this day.

No. XLIII.

At a Secret Court of Directors,

Held on Wednesday, the 15th April 1812.

The Chairman from the Committee of Correspondence submitting to the Court draft of a letter to the President of the Board of Commissioners for the Affairs of India,

The same was read and unanimously approved.

No. XLIV.

LETTER from the Deputation to the Right Honorable the Earl of Buckinghamshire, noticed in the preceding Minute.

My Lord, *East-India House, 15th April 1812.*

The correspondence between the President of the Board of Commissioners, on the part of His Majesty's Government, and the Court of Directors of the East-India Company, on the subject of the renewal of the Company's Charter, having been laid before the General Court of Proprietors, we now, in consequence of the resolutions of that body, propose to ourselves the honor of continuing the correspondence with your Lordship, and especially to reply to the letters of the late President, dated the 21st and 23d of March, and to his *Observations* accompanying the former of these letters.

In the first place, however, permit us to offer some remarks on the outlines of the negotiation, as far as it has hitherto advanced, and on the opposition which has begun to shew itself to certain propositions, respecting the necessity and importance of which His Majesty's Government and the East-India Company appear to have entertained similar sentiments.

It is manifest, from the letters written on the part of the Court of Directors, that they have contemplated with the utmost reluctance such an enlargement of the trade to India, as seemed to be desired by His Majesty's Ministers, because

they believed that the commercial advantages expected from it to this country would not be realized, and feared that it might eventually endanger the security of the British possessions in the East. We must desire on the part of the Court of Directors, distinctly, and in the face of the country, to state this opinion, not as advanced without conviction, to serve a cause, but as the genuine result of such knowledge and experience as the Court possess, upon a subject respecting which they have better means of information, than any of those associations who are now eager to take full possession of the Eastern trade; and upon which also it is certainly material that the Public should form just ideas. We have, indeed, yet seen no arguments advanced, in answer to those reasons which the Court have offered against the opening of the trade, and particularly against the expectation of the great increase to be produced by such a measure in the exports from this country to India, and the imports thence. Lord Melville has signified his concurrence with the Court, in thinking that the public will be disappointed, at least at first, in this expectation, and though his Lordship has said, that "the Court do not appear to have succeeded in establishing the proposition, that any detriment will arise to the Public interest, either here or in India, or ultimately even to the interest of the Company themselves, from the introduction of private adventurers," we must beg leave to observe, first, that we cannot doubt, "the introduction of private adventurers," which his Lordship had in view, was less extensive than is now likely to be contended for by some portions of the public, and was connected, in his mind, with limitations and restrictions in the conduct of the trade, which those who claim the largest opening of it exclude; and, secondly, that several reasons which the Court have urged, to shew that much detriment would arise from a general opening of the trade, remain unanswered, either in his Lordship's letters, or in any of the public resolutions we have yet seen. Until of late, the general language held on the subject of the Indian trade was rather that the merchants of Great Britain should be allowed to apply their industry to such branches of it, and to such ports of the Indian Seas, as the commerce of the Company did not embrace, than that they should invade the portion of the trade which the Company carried on. But now little is said about the advantages to be derived from adventures to the unexplored parts of India, and the

the objects likely to be most warmly contended for are not new accessions of commerce to the nation, but a transfer of much of those branches of trade, already carried on by the Company in London, to individuals in the outports. The large concessions at first required from the Company by His Majesty's Government appear only to have encouraged the merchants of the outports to make still further demands; regardless, as it would seem, of the political consequences that might ensue from a compliance with them, and apparently unaware, too, that the corporate capacity of the East-India Company is perpetual, and cannot be annulled, even if the qualified monopoly they have enjoyed were to cease.

We are confident, my Lord, it was not the intention of His Majesty's Ministers, that the East-India Company should be broken down and despoiled of those faculties, necessary to enable it to perform the important part assigned to it by the Legislature in the government of the British empire in the East; a part which probably it will be allowed to have performed well, and with more safety and advantage to the mother country, than any other system, hitherto thought of, could have done. The benefits accruing to that government by the reciprocal aids of revenue and commerce, the powers of which are united in the constitution of the Company, in a way peculiar to it, have been often seen and fully acknowledged, and were it necessary, it would be easy to enlarge upon them. These powers have now become so incorporated, that it is impossible to separate them, without essentially endangering the whole of a system that has proved in practice eminently useful. If, therefore, the commercial part of that system were now to be destroyed, the political functions exercised by the Company would be so weakened, as necessarily to bring into view questions of the last importance to the safety of the British empire in India, and of the British constitution at home.

We hence assuredly reply, that the wisdom of Parliament, and the good sense of the nation in general, will resist those rash and violent innovations upon the system of the Company, which the merchants of different towns, proceeding upon theoretical ideas, and overlooking most material facts, now appear to intend, without any certainty, even of extending the commerce of this country, but to the unavoidable detriment of its political interests abroad and its financial interest at home.

It was in contemplation of dangers less immediate and alarming than the designs now avowed threaten, that the Court so earnestly proposed, that the renewal of the Charter should proceed, with certain modifications, upon the basis of the Act of 1793, which made the Company the medium of the enlargements of private trade; but having been forced to depart from this preliminary principle, which they still maintain consults the true policy of this country, and the sacrifice of which they may observe, by the way, inflicts great injury upon all the private interests and parties engaged in the Indian trade, as established by that Act, particularly on the commanders and officers of the Company's ships, whose professional merits are universally acknowledged, the Court are, however, perfectly satisfied, from the assurances already given by His Majesty's Ministers from the beginning, that any enlargements which may be given in the Indian trade shall be accompanied with such provisions, as will guard against the dangers to which such enlargements might otherwise expose the existing system.

Several of the precautions necessary in this view were suggested in the *Hints* submitted by the Deputation of the Court to Lord Melville, on the 4th March; and upon these, and the *Observations* made on them by him, we now feel ourselves called upon further to offer some elucidations to your Lordship.

(*Articles 1, 2, 3.*) On the very important head of the China trade, permit us, my Lord, to remark, that although the *security of the revenue* is doubtless a very fit consideration for His Majesty's Government and for Parliament, yet the Company do not understand that the continuance of their exclusive privilege in this trade is rested on considerations of revenue alone, nor that it ought to be affected by any varying circumstances in that branch of the public affairs. The Company have the actual possession of the monopoly of that trade, which was given them for national purposes, and by the perpetuity of their corporate capacity must be more capable of maintaining it against the competition of private merchants, than those merchants would be to drive them out of it. But such competition would be ruinous to the public interests; for the Company already supply the nation with as much as it wants of China commodities, which are almost entirely used for home consumption, and exports woollens and metals of this country, to the
amount

amount of a million sterling annually, at a loss to themselves during war. By competition, the cost of teas, and other China articles, would be enhanced, the prices of our staples lowered there, and if individuals could possess themselves of the trade, the exports in those articles which they could not sell to profit would be lost to the country. A struggle, therefore, between the Company and individuals, could only produce ruinous consequences to both. The jealousy of the Chinese government, which now allows only one port of that vast empire for all its foreign commerce, and subjects the European residents at Canton to a confinement to their factories for six months of the year, and to banishment to Macao for the other six months, would undoubtedly take alarm at the ingress of indefinite numbers of unconnected Englishmen from Europe, and if it did not at once exclude them, would soon be induced to do so, by the disorders which would not fail to follow, and which are on the present limited scale of intercourse, prevented or palliated only, by the extreme caution and established usages of the Company's supra-cargoes. Thus the trade would be entirely lost to the country, and with it not only the export of a million of its manufactures annually, but a revenue of four millions, with the fleet of excellent ships now employed in that commerce, to the great inconvenience of the people at large, the ruin of particular classes, and the complicated injury of the state. The resort of American ships to Canton, without either hindrance from the Chinese or consequent disorder, affords no parallel to the case of an open trade from Great Britain and Ireland to China. Those Americans, few in number, carrying thither only silver, and carrying away silk cloths as well as tea, derived their reception and protection very much from the orderly English factory long established there, who have endured treatment from the Chinese government, to which no representative of His Majesty could submit. We are satisfied, therefore, my Lord, that such provisions will be introduced into the new Charter, as will effectually secure this great branch of trade to the Company and the nation, in the manner it has hitherto been enjoyed.

(Article 4.) We submit, that this observation ought to run thus: "This proposition ought to be acceded to; with the reservation, however, that the Governments in India ought to be restricted from" making any alteration in the

rates of the duties sanctioned by the authorities in England, or that they may hereafter sanction.

(*Article 5.*) To the concession on this head, we wish it to be added, that the Company shall have a fair price for all the saltpetre they shall supply to the Government.

(*Article 6.*) As the confinement of the private trade to and from India to the port of London is an article of essential importance on the whole of the present question, involving the safety of the Company, it may be expedient, that we state somewhat fully the various and powerful considerations on which the propriety and necessity of the measure rest. These considerations relate to the usages resulting, unavoidably, from the nature of the Company, which for political, as well as commercial purposes, it is so material to preserve; from the law of the land, the existing rights of individuals; the conveniency of the re-exportation of Indian commodities; and the security of the public revenue.

From the first institution of the East-India Company, they have used the port of London only; and the practice of selling their imports by public auction only, is also almost coeval with the Company.

The utility which dictated the first of these practices is obvious; a little consideration will shew the other to be yet more necessary. If private bargaining and trafficking with individuals, and from day to day, were allowed in the sales of the great imports of the Company, how many doors would be open for collusion, imposition, and abuse! It would be impossible the business could go on in that way, and the very liability of it to suspicion, would be enough to destroy the confidence of the proprietors and the public. Besides, the importations of the Company coming in fleets at stated seasons, it suited the convenience of all parties, that the sales should also be only at stated seasons, and public, which would afford the opportunity to buyers to resort from all parts, foreign as well as domestic, to those sales.

In the ninth and tenth years of King William the Third, the Legislature interposed to prohibit the sale of East-India goods, otherwise than by public auction; and in the next year of that prince it was also enacted, that East-India goods should be sold only in London. Thus the law at present stands.

The immediate object of the legislature, in these enactments, appears to have been the security of the revenue, then appointed to be derived from the customs laid on Indian goods imported: And nothing so effectual could be devised for that security. To bring the imports to one place; to have them lodged under the keys of the Government officers; to have them sold publicly, in the presence of those officers; and, finally, to have the duties, thus carefully ascertained, collected through the medium of the Company, with hardly any charge: the whole of this practice is the most complete provision that can be imagined; against defect, fraud or expense, in realizing this branch of revenue to the public.

But if this was material in the time of King William, when perhaps the revenue from East-India goods, including China, did not exceed £100,000, how essential must it be at present to the State, when that revenue exceeds four millions!

With all the care now taken, and when London is the only lawful place of importation, it is well known that teas, shawls, silks. (prohibited, for the encouragement of our own manufactures), and other articles, are at the present time, to some extent, smuggled on shore from the East-India ships, notwithstanding the penalties of the law; and when, in addition to the legal penalties, the offending parties, if the Company's servants, are liable to further fines and mulcts on all illicit trade. But the hope of evading the heavy duties will ever continue to operate on persons, who look no further than their own immediate profit or convenience.

Every deviation from the established usage would so far destroy its simplicity and efficiency, and open the way to abuses. Suppose the importations to be allowed to go only to one outport, a new establishment, new expence, new trouble, would be created, and a channel opened for smuggling, fraud, and abuse. What would it be, then, if several outports were opened for the landing and sale of Indian and Chinese goods?

But this still supposes the Company, either for itself or for private traders, to be the only medium of importation. If, however, all individuals were to be allowed to import, and into all the ports of the United Kingdom, especially if it were allowed to employ ships of small burthen, which drawing little water, could run into obscure ports in the remote

more parts of England, Scotland, and Ireland, where would be the practicability of any safe control? Legions of Custom-House and Excise officers must be appointed, at a very great expense; and after all, where the duties are so high as they are, especially on the articles of tea, silk, and fine muslins, smuggling without end must be expected. If private ships were allowed to go to the Eastern Islands, they could find means to procure tea; and if also allowed to return to the outports, smuggling in that article would be by far the most gaining trade.

At present the duties upon East-India goods are collected and paid in London, at a very small expense to Government, and to the full extent to which they ought to be paid. This follows, because the value of the goods is ascertained by competition at the Company's sales. Were every port to have its India House, where would be this general competition? The same goods which pay the duty *ad valorem*, would be liable to one amount of duty at Fowey, to another at Dublin, to a third at Port Glasgow; all differing from each other, and from that paid at London. There would be no remedy for this inconvenience, whatever may be said by interested persons to the contrary. The endless variety of Indian commodities, renders it impossible that they should generally pay what are called *rated* duties, of so much per piece, or so much per yard. Pepper may pay a fixed sum by the pound, and sugar by the hundred weight; but the staple article of piece goods, and many others, must ever be rated by the value, quantity being no just criterion.

It therefore follows, from what has been above observed, that were the trade to be carried to the outports of the United Kingdom, the revenue drawn from Indian goods must be greatly diminished, and the charges of collecting it greatly increased.

Let it be next inquired, what would be the effect of such a change on different interests; the persons already possessed of valuable property employed for the Indian trade, the exporters of India commodities from this country, and on the East-India Company itself?

The City of London, in their corporate capacity, as conservators of the Thames, and all classes of persons in the metropolis, who are engaged in the building and outfit of ships, in the carriage, warehousing, sorting, buying, and selling of the Company's goods, have also a direct interest in the present discussion.

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The East-India Dock Company have likewise a very great and obvious interest in keeping the Indian trade in the Port of London.

With respect to the re-export trade in Indian commodities, at least three fourths of the imports from India have hitherto been for the supply of the continental markets. The foreign buyers repose confidence in the regularity and publicity with which the Company's sales are conducted. When the trade was solely in the hands of the Company, the particulars of their cargoes were published immediately on the arrival of the ships, and distributed all over the continent. Notices of the quantities to be sold, and periods of sale, were also published for the like distribution. The sales of each description of goods were made at stated periods, twice in the year. The buyers, of course, knew the state of the market at the time of coming to the sale, and the purchases were made under an assurance, that no more goods, of such description, would be disposed of before the next sale. Hence they had a certainty of the market for six months. This established a solid confidence, which very much benefited the sales. Such confidence has, no doubt, been much weakened since 1793, when private persons were partially admitted into the trade. The chief object of the private trader being, as it always must be, to obtain prompt sales to meet the payment of bills, East-India goods are frequently resold, while they remain in the Company's warehouse, merely by a transfer of vouchers. The goods, when so sold, will produce from five to ten per cent. more than when in the hands of individuals. This is particularly the case as to drugs, which are subject to great adulteration.

The confidence that has been entertained of the Company's regularity and fair dealing has been such, that the foreign buyers have given their orders to their correspondents in London, on the faith merely of the descriptive marks; and goods, on their arrival on the Continent, frequently pass through various hands, before they are finally unpacked.

By the mode proposed, it is to be feared the foreign buyer will cease to be at any certainty as to his purchases and the quality of the commodities, and this may, eventually, lead foreigners to look directly to India, for the supply that has hitherto been furnished through the medium of this country.

To speak now of the effects of the proposed change upon the interests of the Company. And first, with respect to the East-India trade, properly so called, as contradistinguished from
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from the imports from China. If the mode of private sale of Indian goods in every town in the kingdom were introduced, would not the stated and the public sales, to which the Company are restricted, be continually anticipated, and consequently the supply of the foreign markets be so also; though on the whole, these markets could not take off more? Could these sales, then, secure a general assemblage of buyers? Could it be reckoned upon, that the Company's goods would go off, as they usually have hitherto done, at the sales? Could the prices be expected to indemnify the Company, when the market should be lowered by the necessity or impatience of private importers? Could the realization, in any way, of the Company's Indian imports be depended on for the realization, so necessary to the finances of the Company, and if not, how could the currency of their affairs be preserved? how could they pay for exports to China? how could they maintain the fleet of ships they now employ in their Indian commerce; a fleet so necessary for the transportation of troops and stores and warlike services in India? And if the Company's Indian commerce failed, and so much of the Indian imports were transferred to outports, what must become of many of the Company's wharfs, warehouses, and other articles of dead stock, formed at a vast expense, in consequence of this Indian-trade? And where would be the benefit to the nation by the change? Would it be any thing else but transferring to Bristol, Liverpool, Glasgow, and Dublin, that which London now has? Would it be really any accession of benefit to the empire at large? And what, to look towards India, would be the effect of an unlimited trade from the outports of Great Britain and Ireland to all those regions? Would it be possible to enforce the regulations which His Majesty's Ministers think absolutely necessary, for preventing an uncontrolled intercourse with the East, and for averting the evils that would ensue from it?

These questions, to add no more, ought to be very clearly and satisfactorily answered, before so great a change is attempted, before an order of things that has subsisted so long, and done so well, is subverted and destroyed. If great and sudden innovations ought, at all times, to be regarded with caution and distrust, surely ought those in particular, which are proposed by men for their own immediate advantage.

But what are the arguments with which the merchants of the outports may be supposed to enforce their claim?

Natural

Natural right;—the freedom of trade; allowing every man to carry on his own business in his own way; the odium of the principle of monopoly; the disadvantage with which they would carry on the trade, if they were obliged to bring back their ships to London, instead of their own ports; the disadvantage to the country consumers.

To all this it may be replied, that supposing the whole true, are these arguments of weight and value sufficient to overturn the present long established system of the Company, and to endanger so large a portion of the public revenue? As to the arguments from natural right, &c., such arguments must always be limited by considerations of practical good. The only practical arguments that occur in favor of the outports, are the advantage to the merchants themselves and to the country consumers. Now what is the amount of this advantage? Let it not be forgotten, that at present it is problematical, at least, whether any great Indian trade can be established by the private merchants; that, at any rate, the chief part of Indian goods imported into England is intended for re-exportation; that London is the fittest port and mart for the foreign trade, especially since the Warehousing Act; that there is really little consumption of Indian goods in the interior of this country; and that if no great accession of trade should be brought to the country by the private merchants, then they will have sacrificed the existing system, without obtaining even the object for which the sacrifice was made.

It may perhaps be said, that the Hudson's Bay Company has public sales, and that yet there are sales on account of individuals of the same articles the Company import. But this will form no parallel case as to the *Companies*, nor is there any great question of *revenue* concerned. The only article imported by the Hudson's Bay Company is *furs*. The sales of this article, on private account, are also by auction, and it is believed confined to London. The whole is comparatively a small affair, and can be of no weight in the present question.

Upon the whole, therefore, it seems most certain, that on such slender grounds, with respect to advantage (and advantage as before mentioned only to be taken from London for the outports), with so little certainty of estab-

lishing any great trade to or from India, with such imminent hazard to the East-India Company and to the revenue, it would be contrary to the prudent policy which this nation has generally observed, and most unwise in itself, to venture upon so great an innovation, some of the effects of which were pointed out to the President of the Board of Commissioners three years ago (printed papers, page 30), effects, which, by his silence, he seems to have admitted: and, in a word, it may be apprehended, that they would amount to the destruction of the Company's Indian trade, their Indian commercial establishments, their Indian shipping, and finally leave the China monopoly so insulated and unsupported, as to bring that also, at length, to its fall, and with it, the whole fabric of the Company, and the great revenue now so easily realized through its medium; nor can it be at all doubted that, in such case, the China trade would also be lost to the nation.

It is not irrelevant to this subject to advert to a passage in the history of the Dutch East-India Company, under the year 1602. "The plurality of East-India partnerships or societies, at this time, formed in Holland, creating much disorder and clashing in that commerce, the States-General summoned before them the Directors of all those Companies, and obliged them to unite, for the future, into one, to which United Company the states granted the sole commerce to East-India for twenty-one years from the 20th March 1602." They had, in consequence, several *Chambers* of East-India Commerce in Holland, as Amsterdam, Middleburgh, &c. but they were all under one united Direction.*

(*Article 7.*) In the time of King William, the Company were allowed five per cent. on the private-trade.

(*Article 8.*) Many remarks made upon the sixth article will also apply to this, which might have properly formed a part of it. We need, therefore, only observe here, that the permitting of ships to sail from the outports, will go very materially to injure the interests of those who were let into the Indian trade by the act of 1793;—to
increase

* See Anderson's *Commerce*, and Macpherson's *Annals of Commerce*, under 1602.

increase the danger of colonization abroad ;—and of injury to the revenue, by smuggling, at home, as well as another danger to be noticed in the next article.

(*Article 10.*) It is not only to all our Indian possessions that the exportation of military stores ought always to be prohibited, but also to the numerous islands in the Eastern Seas, inhabited by a vindictive race of people, who may be ready, not only to buy warlike stores, but to engage Europeans in their quarrels, and the sailing of ships from the outports will certainly increase the danger of these evils.

(*Article 11.*) The existing law, as to piece goods, enables the Company to confine the importation of that article to themselves. They have never availed themselves of this privilege ; but yet it may be proper to continue it, because “ the regular and constant employment of the manufacturers, under the existing system of local management,” is a matter of consequence, not likely to be otherwise so well guarded, and that great importations of piece goods would operate against the home manufactures, whilst a smaller select importation would be useful.

(*Article 12.*) There is a new reason for the same restriction in favor of the Company in the article of raw-silk, because such a general competition is now to be opened against them, and because they have, at great expense in a long course of years, by means of their own establishments, brought the raw-silk of Bengal, which they export, to a high state of perfection ;—and if that article is left to the competition of individuals, who will often have to resort to the agency of indolent natives, the quality of the article may be expected materially to fall, and the silk manufacturers of this country to be much worse supplied than they are at present.

It is proper to add, on this subject, that the restriction in favour of the Company, in the article of piece goods, is by no means of the value it was at first, the demand for that Indian staple being now greatly diminished in this country.

(*Article 14.*)—Lord Melville has observed, on the reasons which he apprehends had influenced the Court, in proposing that ships of less than four hundred tons should not be allowed to sail to India, that “ though entitled to

“ due consideration, they do not appear to be sufficiently strong to justify the proposed restriction, or the making a distinction, in that respect, between ships trading to the East-Indies and to other countries :” it is therefore deemed necessary to discuss the proposition more at length.

In examining the subject of the sixth proposition, the facility which small ships would afford to smuggling, were the outports opened for the disposal of the homeward cargoes, has already been considered. In further support of the fourteenth proposition, respecting the least size of ships that should be permitted to go to India on account of individuals, the practice of the India Company, in the early part of their intercourse with the East, might be adduced, for they soon dropped the smaller class of ships for one of five hundred tons ; but as this country, in its improved state of navigation and commerce, has few ships of that burthen, except those employed by the East-India Company, the limiting of ships to be now employed in the private-trade to India to four hundred tons, was supposed to afford facility to the most respectable houses, to benefit by the proposed enlargement of the trade.

Every one will admit, that there is more of respectability in the larger class of ships ; and this circumstance should not altogether be lost sight of with the inhabitants of India. The impression of the superiority of our maritime strength to that of other nations, and particularly of the Americans, who speak the same language, and who navigate very small vessels to and from the ports of the East, should be kept alive ; and, as a reason of State, should have its due weight in the consideration of this subject.

It is not only the respectability of the *ship* that should be attended to, but there is also a degree of respectability and responsibility attached to the character of the commander and of the officers (of whom there is a greater establishment in the larger ships). Their information is pre-eminent, particularly in those essential articles of nautical science, the variation and the lunar observations, in the navigation of the Indian Seas, and to and from thence. By such men, a better discipline is established in those larger ships which suit them : the ships are also better

better armed, and less liable to capture, than vessels of the smaller class. The length of voyage requires, not only superior equipment and a stouter vessel, but in order to guard against contingencies of every kind, subordinate officers and their assistants are indispensable; because, in the event of the death of the principal officers, the knowledge and skill requisite to supply their places, especially in cases of emergency, could be derived from no other quarter. Small vessels cannot have these necessary advantages; an observation which applies, more particularly, to such petty officers as carpenters and caulkers, in respect to matters that concern the hull of the ship, and to medical men in respect to the crew.

It has been found by experience, that larger ships can be navigated at a less rate per ton than small ones: hence one of four hundred tons will require less rate of freight than two of two hundred tons; a point of economy in the conveyance of goods, which is not to be disregarded, even in a national view. As India is concerned, the smaller vessels will multiply a description of persons in the ports and throughout the country, whose conduct may have serious effects on the peace and quiet of the Asiatic Governments, from the causes before mentioned. The minor ports throughout the country will admit of an intercourse and connexion between Europeans and the natives, which the vigilance and power of our Governments cannot discover nor control.

The ships employed in private trade should be constrained to navigate with a certain number of Europeans outward, so as to prevent, as much as possible, the introduction of native seamen to this country: and hence, for the sake of humanity, a surgeon becomes a necessary person, the employment of whom may well comport with the size of ships of four hundred tons or upwards, but not with those of two hundred and fifty or less. If the health and lives of seamen be thought of consequence to the State, the larger class of ships should certainly be preferred. If the present superior class of West-India shipping are of four to five hundred tons, where the passage is not more than six weeks, it appears at least as reasonable, that those employed in an East-Indian voyage, which may last many months, should be equally competent and formidable as the running ships, and not stand
on

on a scale beneath those of the first class upon Lloyd's books, so that the premium of insurance upon the goods shipped may be kept at the lowest possible rate.

Whenever such enlargements, as may induce the subjects of this country to embark very large property in the Indian trade, shall be opened to them, it must be highly expedient that, for such time at least as may be sufficient for the return of one voyage, the utmost possible security, which the Legislature can devise, should be provided, in order to check such hazardous adventures as might otherwise be carried on in any description of vessel, or under the conduct of characters not sufficiently responsible, and at the risk or cost of the under-writer.

If an honorable commercial intercourse with India be the object, such wholesome regulations will promote it; but if speculations of mere chance outward, and smuggling homeward, should be in the contemplation of any adventurers, protection to the fair trader, to the East-India Company, and to the revenue, can only be secured by some efficient law, respecting the size of the ships, and their consequent equipment in stores and force, under the conduct of able and responsible commanders and crews.

(*Article 16.*) The regulations proposed with respect to Lascars, are only intended for a time of war. No Lascars should be brought to this country in a time of peace.

(*Article 18.*) The existing regulations, as to ingress and settlement of unlicensed Europeans into the Company's establishments and territories, to be continued. No British subjects to be allowed to settle in any country within the Company's limits, and not under the government of the Company.

(*Article 19.*) The King's forces, maintainable by the Company in India, not to exceed fifteen thousand men in all; and this number to be reduced, as may be found practicable.

(*Article 20.*) If the proposition made by the Company, to be henceforth charged so much per regiment of a given force, or so much per man, be not adopted, we shall be glad to receive any specific proposition, for putting upon a clear and equitable footing the adjustment of accounts between the Pay Office and the Company.

By any such arrangement, we cannot doubt, that, at least, the intricacies of the present mode of settlement, utterly unsatisfactory as it is to the Company, will be got rid of, even if the expence should not be diminished: but will it, for example, admit of any question, whether, when the Company have been charged, as they really have been, with the expence of an entire recruiting company at home, as constantly raising recruits, and whilst, in many instances, the recruits so raised have been sent, not to India, but to other quarters, the recruiting company having also been at all times available for internal service, it can come within the equity of the 127th clause of the Act of 1793, or ever could have been intended to charge the expence of such company to the Indian territories? Or is it just, that the expence of the colonel of a regiment, employed either at home or on the Continent, or perhaps on a furlough staff appointment, should be partly charged to the East-India Company, and his pay be drawn from them? As all parties, therefore, agree in the propriety of an alteration, the sooner it is made the better.

(Article 21.) The Court of Directors have already objected, and must ever object, to the arbitrary mode adopted by a Committee of the House of Commons in 1805, for the settlement of the demands of the Company on Government. We think it a clear and equitable principle, that the expence of captures made, and not retained by the Company, but transferred to His Majesty, or by His Majesty restored to the enemy, should be charged to the Public.

The ordinary pay of the Company's troops employed on such services, and especially in places out of the sphere of India, as in Egypt, should also be placed to account of the Public.

On these grounds we beg leave to propose, that the balance of demands now made by the Pay Office on the Company, be set off, by the sums which they are yet unpaid for the capture of Ceylon and the Moluccas, and for the expedition to Egypt. Even then, the settlement will be greatly to the advantage of the Public, as the Company have made good to the Pay Office a sum exceeding two millions, in addition to which they have, since the year 1797, been charged for King's troops beyond

beyond the number for which the law obliged them to pay, at the average annual rate of about three thousand firelocks, besides the officers and serjeants requisite for that number of men.

(*Article 22.*) As a supplement to this article, the Court cannot help again submitting to consideration, the earnest desire and hope of the Proprietors to be exonerated, out of the general funds of the Company, from the payment of the Property-tax. The dividends of other public Companies are thus exempted; and it is but a small consideration, in the immense concerns of the Company, from which the Proprietors have, on the whole, yet derived only the ordinary interest of money, in return for all the hazards their property has run.

(*Article 23.*) The debt of which the Court of Directors meant to speak in the twenty-third proposition, was the whole of the Indian debt, part of which, to the amount of about seven millions, has been transferred to England. The observation of Lord Melville will coincide with this proposition, and the Court of Directors can no longer object to his Lordship's proviso for the reduction of the bond debt at home to three millions; but experience has shewn the inconvenience of confining within narrow limits, by parliamentary regulation, the amount of this debt.

(*Article 24.*) Considering how probable it is, that private adventurers will desire to obtain a supply of the article of tea, in order to be smuggled into this country and to foreign parts, and considering also the importance of not endangering the commercial intercourse now permitted by the Chinese to the British nation, through its long established organ, the East-India Company, it is obvious, that effectual provision ought to be made, in some mode or other, for preventing both these evils; and we shall be glad to hear any propositions which were in Lord Melville's contemplation, or may be in your Lordship's, as more likely to suit that end than the suggestion we have offered. In the mean time, we feel it incumbent upon us to request your Lordship's attention to some remarks on the question of admitting private ships to the Spice Islands. The demand of all Europe for the spices of the Moluccas is so limited, that one or two of the Company's ships may import a sufficient quantity for the supply

supply of it : the division, therefore of this supply among the Company and the Merchants in general of this country, will leave so little to the individuals of the latter class, as to form no object worthy of long and distant enterprize ; not to mention, that spices are now rising up in other parts of the East, which renders these islands less important than they have been. The maintenance of the Molucca Islands, which produce no valuable commodity but spices, occasions to the Company a heavy expense, and can only be compensated by a monopoly of their trade ; and if private merchants are to participate in that trade, they ought also to bear a proportionable share of the charge of establishment in those islands. But the spice trade is not the most interesting consideration belonging to this question. If in any of the islands in the Eastern Seas, not belonging to the Company, British subjects were to settle, (a thing which the Company, even if armed with legal powers, would find it difficult to prevent, after those seas should be open to all the ships of this country,) it would seem impossible to hinder them from obtaining, by one means or other, a supply of the teas of China, for the purpose of being smuggled into Europe. That object alone might be tempting enough to induce a settlement, where no other circumstance was sufficiently inviting. And if from this motive, or a concurrence of others which might be supposed, a number of Englishmen were once to unite themselves in that quarter, whither new individuals might continually resort, and whence, again, they might repair to all the ports of the Indian continent, it would seem scarcely practicable to preserve the efficiency of regulations formed, either here or by the Indian Governments, for the exclusion of unlicensed persons from their territories. Such would be the danger, especially of any British settlement in the Eastern Archipelago, not subjected to the government of the Company ; a danger very seriously to be deprecated : and even in those held by them, as the Moluccas, if they were open to all British ships, it may well deserve consideration, whether there might not be some liability to danger of the same kind. On all these grounds it really seems advisable, that British ships from Europe should not have access to the Spice Islands.

Having concluded our remarks upon the propositions and observations hitherto brought under discussion, we next beg leave to suggest some other regulations, growing out of the general subject now under consideration, and of our past correspondence. These, we trust, will be found so obviously proper and necessary, as to require no enforcing argument.

26th Proposition.—That no ship shall go from any British colony to the East-Indies or China, without the special license of the Company.

27th Proposition.—Private ships going from the United Kingdom to India to sail direct from that kingdom thither, and from India to that kingdom, without pursuing any circuitous route.

28th Proposition.—Ships going from this kingdom to India, not to engage in the coasting trade of India, but to be permitted to go from one port of delivery of the original cargo, to another for the full discharge of it.

We have the honor to be, My Lord,

Your Lordship's most obedient humble servants,

(Signed)

HUGH INGLIS,
ROBERT THORNTON,
JACOB BOSANQUET,
W. F. ELPHINSTONE,
CHARLES GRANT,
EDWARD PARRY,
WILLIAM ASTELL,
GEORGE SMITH.

The Right Honorable the Earl of Buckinghamshire,
&c. &c. &c.

No. XLV.

At a Secret Committee of Correspondence,

The 17th April, 1812.

The Committee took into consideration the state of the negotiation for the renewal of the Company's exclusive privileges, and deliberated maturely upon several points connected therewith.

No. XLVI.

At a Secret Committee of Correspondence,

The 20th April, 1812.

The Chairman laid before the Committee minutes of a conversation held yesterday evening, between the President of the Board of Commissioners and himself.

It was unanimously agreed, that the same be submitted to the Court of Directors to-day, together with a minute thereon, now read and unanimously approved of, being as follows, *viz.*

[*Entered in the succeeding Minutes of Court, No. XLVII.*

No. XLVII.

At a Secret Court of Directors, held on

Monday, the 20th April 1812.

The Chairman from the Committee of Correspondence laying before the Court minutes of a conversation between the President of the Board of Commissioners and himself, held yesterday evening ;

The Court, after deliberating thereupon, agreed unanimously to the following minute, *viz.*

The Chairman having, in a Secret Court of Directors, communicated the minute of a conversation which he held last night with the President of the Board of Commissioners, the Court learn from thence, with very great concern, that it seems to be the present disposition of His Majesty's Ministers, to extend to the merchants of this country the privilege of importing goods from India into all outports of the United Kingdom, to which the Warehousing Act extends, which ports are in number. The Court have, from the beginning of the negotiation, declared their firm conviction, that if the import trade from India were not confined to the port of London, the system of the Company's public sales, their trade to and from China, the dividend depending chiefly on that trade, and the political functions which, aided by those privileges, they exercise, for the benefit of the nation, in the government of the Indian empire, would be destroyed ; as well as the revenue of this country, by the extensive

practice of smuggling, which would inevitably follow the proposed alteration, be essentially injured. The Court having never before received from His Majesty's Ministers any intimation that they differed with the Court upon this point ; having stated their opinion, with the reasons for it, to their Constituents and the Public ; having seen no argument advanced in opposition to it ; and remaining still persuaded of its truth ; they feel it impossible, as men of integrity, invested with public trust and responsibility, to recommend to their Constituents to abandon the proposition for restricting the import trade to London, and would most earnestly request His Majesty's Ministers to consider the communication made to the Chairman by the Earl of Buckinghamshire, and to give the Chairs, or a Deputation of the Court, an opportunity of waiting on them, before any final resolution, adverse to the Company, is adopted on this very important head.

No. XLVIII.

MINUTES of a Conversation between the Rt. Hon. the Earl of Buckinghamshire and Sir Hugh Inglis, held on Sunday Evening, the 19th April 1812, concerning the Trade, and noticed in the preceding Minute.

Lord Buckinghamshire stated, that it had been determined to preserve the monopoly of the tea trade to the Company, but to permit the private traders to fill up and assort their cargoes with nankeens and other articles, the produce of China, which they would procure in India.

His Lordship then stated, that it was the determination of His Majesty's Ministers to recommend to Parliament to permit private ships to clear out from any port of the United Kingdom, but that they should only be permitted to import into those places where the warehousing system existed. Sir Hugh Inglis stated it as his opinion, that the Court of Directors, in the first instance, and the Court of Proprietors, when laid before them, would resist, by every means in their power, a measure so fatal to the vital interests of the Company and to the public revenue,

as

as would be the measure of allowing the ships of individuals to import into any place but the port of London; and that, situated as he was, he should consider it his duty to resist, and recommend to the Court of Directors, and ultimately the Proprietors, to resist, the proposition.

No. XLIX.

LETTER *from* Thomas Brown, Esq. *to the* Chairman and Deputy Chairman, *enclosing Resolutions of a Meeting of the Buyers of Piece Goods.*

Honorable Sirs, London, 21st April 1812.

I have the honor to hand you, by the direction of the Buyers of Piece Goods, a copy of the Resolutions they have agreed to this day, and have to request the favor of your support and influence with His Majesty's Ministers, to preserve to the port of London, alone, the import of India piece goods.

I have the honor to be, with the greatest respect,

Honorable Sirs,

Your most obedient and most faithful servant,

(Signed) THOS. BROWN.

The Honorable the Chairman and
Deputy Chairman of the United
East-India Company.

*At a Meeting of the Buyers and Others, interested in the
Sale of East-India Piece Goods, held at the City of
London Tavern, the 21st of April 1812.*

Thomas Brown, Esq. in the Chair.

Resolved Unanimously, That it is our duty to watch the progress of the East-India Company's Charter, to prevent arrangements being made prejudicial to our interests, injurious to the public revenue, and detrimental to the British manufacturers themselves.

That we see with pleasure, that the Directors of the East-India Company are impressed with the necessity of
continuing

continuing the import of piece goods solely to the port of London, as their sale at an outport would bring a serious loss on the revenue, and be very hurtful to the cotton manufacturers of Great Britain.

That as piece goods are of an uncertain value, and depend very much on competition, it would not be possible to obtain the same prices for them at an outport, as they fetch in London; and, consequently, that we should be undersold at the outports, unable to carry on our business with the honor, respectability, and advantage we have hitherto done, and probably obliged to abandon the pursuit many of us have been engaged in for a great number of years, and driven to seek fresh undertakings, at a time when little benefit can be expected from them. And it is the opinion of this meeting, that it is the decided interest of the importers of piece goods themselves, that they should be continued to be brought to sale in the port of London (as the emporium of commerce) in the way they now are, where they will have the benefit of the Company's own assortment.

That the duty on mus-

lins and nankeens is -	£10	0	0	p.c. on importation,
	and	27	6	8 p. c. on home consump-
				tion,

Together £37 6 8 per cent.

lin: calicoes, dimities,

and shawls - - -	£3	6	8	p. c. on importation,
	and	68	6	8 p. c. on home consump-
				tion,

Together £71 13 4 per cent.

That as these duties are paid on the prices obtained at the East-India Company's Sales, if a piece of muslin sell for fifty in lieu of one hundred shillings, the revenue for home consumption is injured £37. 6s. 8d. per cent, on the difference, or 18s. 10d. per piece. If a piece of longcloth sell for 25s. in lieu of 36s., the revenue is injured £71. 13s. 4d. per cent. on the difference, or 7s. 10d $\frac{1}{2}$. per piece.

That in all silk and prohibited goods, and even in white goods, if not brought to the port of London, it is much to be feared, no restraints could prevent smuggling; which

which would occasion a loss of the whole duty to government, be seriously injurious to the fair trader, and especially to the manufacturers of silk goods in Spitalfields and elsewhere.

That the introduction of Indian piece goods to the consumption of this kingdom at low prices, in consequence of a total evasion of duty, or a payment of duty on reduced prices, would be a serious injury to the British cotton manufacturers.

That the same ill effects would occur to the manufacturers of Lancashire and Scotland, if sales of Indian piece goods were frequently to be made at Liverpool and Glasgow, or in any of the ports in the neighbourhood of the manufactories.

That it is of the greatest advantage to the great body of British cotton manufacturers to confine the import of India piece goods to one port, as it gives them the opportunity of viewing them, and regulating their manufactories, according to the quantity and sorts intended for sale; whereas, if individuals were allowed to import piece goods, and sell them at an outport, the British manufacturer would never know what quantity might be brought into the market, or how to regulate his manufactory.

That the principal factories in India for muslins, calicoes, and silk goods, being in the hands of our East-India Company, and the greatest attention being paid to maintain the qualities and fabrics of each sort, it is reasonable to conclude, that the same influx of foreigners, who purchase very large quantities of the national manufactures, will attend the sales at the India House (whenever the politics of Europe will allow them to come) as used to resort here for a series of years, provided the quantity exposed to sale by the East-India Company is of sufficient importance to draw their attention.

That the plan now pursued, of having periodical half yearly sales of piece goods, and publishing a declaration, every three months previous to the sale, prevents every merchant and manufacturer from being suddenly surprized by an excessive quantity being brought on, and enables the foreign buyer to make his arrangements to attend the sale, or to attend his orders.

That a Committee be now appointed to carry into effect

the above resolutions, and add thereto any others they may concur in; and that the following gentlemen be chosen of this Committee, with power to add to their numbers.

Thomas Brown, Esq. Chairman,
Messrs. George Ranking,
Thomas Gould,
James Cazenove,
Frederick Molling,
L. M. Fles,
S. M. Faraworth,
Thomas Wilson,
Robert Brown.

That the foregoing resolutions be signed by the Chairman, and that an interview be asked of the Right Honourable the Chancellor of the Exchequer, to lay the resolutions before him.

That a copy of the foregoing resolutions be handed to the Chairman and Deputy Chairman of the East-India Company, with a request that they will continue their strenuous efforts, in securing the importation of India piece goods to the Port of London alone.

(Signed) THOMAS BROWN,
Chairman.

No. L.

At a Secret Committee of Correspondence,

The 24th April, 1812.

The Committee deliberated on the several points at issue in the present Negotiation with His Majesty's Ministers.

No LI.

RESOLUTIONS of a Meeting of the Merchants, Manufacturers, Traders, and Others, interested in the Export Trade to India and China, from the Port of London, held the 25th April 1812; and the Petition to both Houses of Parliament, therein noticed.

At

At a Meeting of Merchants, Manufacturers, Traders, and Others, interested in the Export Trade to India and China, from the Port of London, held at the City of London Tavern, the 25th day of April 1812,

JOHN ATKINS, Esq. Alderman, in the Chair,
It was moved by David Gordon, Esq. and seconded by
Steward Majoribanks, Esq. and

Unanimously Resolved,

That this meeting, consisting of merchants, manufacturers and traders of the port of London, who have been long established in the Export trade from thence to India and China, feel themselves called upon, in defence of their respective properties, to state the true situation of such trade to the country at large, in order to counteract any misrepresentations which may have the effect of misleading the public mind upon a subject of such magnitude to the community at large, and in which their own vital interests are most deeply concerned.

That the anxiety expressed by the various manufacturers in the provincial towns of the United Kingdom, in regard to the quantity of exports to India and China, is grounded upon erroneous data, as will appear by reference to the actual export of such manufactures.

That it appears to this Meeting, from indisputable authority, that the quantity of tonnage engaged by the East India Company for the private traders of the United Kingdom (exclusively of that allowed to be exported in the privilege of their own captains and officers) amounted, during the last six years, to sixty-three thousand tons; and that, during that period, only sixteen thousand tons of every species of manufacture (including beer and four thousand tons of wine) have been actually engaged and shipped to India.

That the fact contained in the foregoing resolution exhibits a striking and incontrovertible proof, that the Company and the Public at large have been disappointed in those hopes and expectations which led to the granting the extra tonnage, and which was done, upon the renewal of the present Charter, by the desire and at the instance of manufacturers, and other persons, who at that time expressed similar feelings with respect to an extensive export, to those exhibited at the various meet-
ings

the above resolutions, and add thereto any others they may concur in; and that the following gentlemen be chosen of this Committee, with power to add to their numbers.

Thomas Brown, Esq. Chairman,
Messrs. George Ranking,
Thomas Gould,
James Cazenove,
Frederick Molling,
L. M. Fles,
S. M. Farnworth,
Thomas Wilson,
Robert Brown.

That the foregoing resolutions be signed by the Chairman, and that an interview be asked of the Right Honorable the Chancellor of the Exchequer, to lay the resolutions before him.

That a copy of the foregoing resolutions be handed to the Chairman and Deputy Chairman of the East-India Company, with a request that they will continue their strenuous efforts, in securing the importation of India piece goods to the Port of London alone.

(Signed) THOMAS BROWN,
Chairman.

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ings which have been so recently held throughout the country.

That the articles exported to India and China are various, but not extensive in any particular manufacture, and therefore require to be collected from every part of the kingdom, to one concentrated point for exportation, with any rational prospect of advantage either to the manufacturer or the exporter.

That the experience of the last six years, impresses this Meeting with a decided conviction that the market of India is not capable of extending the consumption of manufactures to the extent which the public mind has been led to expect; and therefore if the export trade to India and China, as now confined to the Port of London, be made general to the out-ports, it will be of no benefit to them, but will prove ruinous to those extensive establishments formed by the persons composing this Meeting, and to the large capitals they have invested therein.

That should the *export trade to India and China* be removed from the *port of London*, the coasting trade of the United Kingdom, that best nursery for our seamen, and great bulwark of our national superiority and strength; the inland navigation, that new source of great national wealth, as affording incalculable facilities to the improvement of the general agriculture of the country: and lastly, the revenue itself: would, with these, suffer very great injury.

That a petition be presented to both Houses of Parliament, in the names of the merchants, manufacturers, traders and others, interested in the *export trade to India and China, from the Port of London*, praying that the *export trade to India and China* may be continued as heretofore to the *port of London*.

That this Meeting approves of the petition now read from the Chair.

That the same be now signed by the gentlemen present, and do remain at this House eight days for signature.

That the Committee chosen at the General Meeting, held yesterday at this house, for the purpose of preparing the petition, be requested to continue permanent during the discussions in Parliament, and to use their utmost exertions to promote the object of this Meeting: And that

that the Committee have the power of increasing their numbers as they shall see necessary.

That the Members for the City of London, the Counties of Essex, Kent, Middlesex, and Surrey, for the City of Westminster, and for the Borough of Southwark, be requested to support the prayer of the petition in Parliament, when any discussion on the subject shall take place.

That the thanks of this Meeting be presented to Sir William Curtis, Bart. Mr. Alderman Combe, and Sir Charles Price, Bart. three of the representatives in Parliament for this City, and to George Byng, Esq. one of the representatives in Parliament for the County of Middlesex, for their attendance this day, and for their kind attention to the important objects of this Meeting.

That the thanks of this Meeting be given to the Committee for convening the same, and for the great zeal and attention to the interests thereof.

That these resolutions, and the Petition of the merchants, manufacturers, traders, and others, of the port of London, (after such petition shall have been presented to Parliament) be published in the morning and evening papers.

That all communications upon the subject of the present Meeting be addressed to the Committee, under cover to Mr. Teasdale, Merchant-Tailors'-Hall, Solicitor to the Meeting.

That a subscription be now entered into by this Meeting, for the purpose of defraying the expences of the petitions to both Houses of Parliament, and of such other measures as may be deemed necessary for the protection of the rights and interests of the exporters from the port of London to India and China.

(Signed) JOHN ATKINS, *Chairman.*

John Atkins, Esq. Alderman, having left the Chair, the same was taken by Christopher Smith, Esq. Alderman, whereupon it was moved, seconded, and unanimously resolved,

That the thanks of this Meeting be given to Mr. Alderman Atkins, for his judicious and able conduct in the Chair.

(Signed) CHRISTOPHER SMITH.

PETITION to PARLIAMENT, noticed in the preceding Resolutions.

To the Right Honorable the Lords Spiritual and Temporal in Parliament assembled :

The humble Petition of the undersigned Merchants, Manufacturers, Traders, and others, interested in the Export Trade to India and China from the Port of London,

SHEWETH,

That your Petitioners are merchants, manufacturers, and traders, residing in the port of London, and have been long engaged in the export trade from thence to India and China.

That such export trade to India and China has, from the first period of its existence, under the sanction of various Charters, successively confirmed and regulated by the Legislature, been exclusively carried on from the port of London, to the great advantage of the manufacturing towns of the United Kingdom, inasmuch as the various articles of manufacture are thereby drawn to the Port of London as an emporium, and brought to one concentrated point for exportation, and the coasting trade and inland navigation of the Kingdom, which have always been considered as a nursery for seamen and assistance to the public revenue, and an improvement of the agricultural interests of the kingdom, are thereby encouraged and materially benefited.

That under the sanction of the various Acts of Parliament passed relative to such trade, and particularly under the sanction of that of the thirty-third of His present Majesty, and in obedience and conformity to the regulations and restrictions therein contained, your Petitioners have enjoyed the advantage of such exports, and in the faith and confidence that no alteration would take place in such trade, hath constructed extensive manufactories, and kept up large stocks of various sorts of merchandize, peculiarly and exclusively adapted for the India and China markets, and have formed large establishments in the port of London, and have otherwise embarked large capitals, for the purpose of carrying on the export trade from thence to India and China.

That

That your Petitioners have seen in the printed votes of your Right Honorable House, that numerous applications have been made from the outports and other towns and places in the United Kingdom, that the trade to India and China may be allowed to be carried on from such outports, in the event of the trade being still further laid open at the expiration of the East-India Company's present Charter.

That the anxiety expressed by the various manufacturers in the provincial towns of the United Kingdom, in regard to the exports to India and China, is grounded upon erroneous data, as will appear by reference to the actual export of such manufactures, whereby it can be most clearly and satisfactorily shewn to your Right Honorable House, that not one more than one-fourth of the tonnage offered by the East-India Company to private traders has been applied for, and that the Company have, by their printed notices (circulated generally throughout the trading interests of the community) held out encouragement to private adventurers in the export of British manufactures to a still larger extent; and that, notwithstanding such additional stimulus and encouragement, on the part of the Company, to private individuals, experience has proved, that even the quantity now allowed to be exported has never been applied for, thereby proving most satisfactorily, that the India market is trifling in its demand, and already abundantly supplied, and, as will be most satisfactorily shewn to your Right Honorable House, very frequently, to the great loss, and oftentimes to the serious injury, of those who have engaged in such private export trade.

That should the export trade to India and China, which is now confined to the port of London, be extended to the outports, great and extensive injury would not only be occasioned to your Petitioners, but also very manifest injury and inconvenience would be sustained by the revenue and the country at large.

That not only have large establishments been formed, extensive warehouses and manufactories built or provided, and large stocks of merchandize laid in, exclusively adapted to the India and China markets, but docks and wharfs have been formed, and workmen engaged by your Petitioners, to such an extent, and at such an expense, as
will,

will, in the event of the removal of the export trade to the outports, tend to the utter ruin of many individuals and their families, who are now, and have been long embarked in this trade, under the sanction of the legislature of the country.

Your Petitioners therefore humbly pray, that on any renewal of the East-India Company's Charter, the export trade to India and China may be continued, as heretofore, to the port of London.

No. LII.

At a Meeting of the Deputation,

the 28th April, 1812.

Read and considered a letter from the Right Honorable the President of the Board of Commissioners for the Affairs of India, dated the 27th instant.

No. LIII.

At a Secret Committee of Correspondence,

the 28th April 1812.

The Chairman laid before the Committee a minute of a conference held on Saturday last, which was read and approved; and the Chairman was desired to lay the same before the Court.

MEM. *This Minute is contained in the succeeding Minutes of the Court, No. LIV.*

No. LIV.

At a Secret Court of Directors,

Held on Tuesday, the 28th April 1812.

The Chairman from the Committee of Correspondence reports to the Court, that in consequence of the request contained in the minute of the 20th April, which was communicated to Lord Buckinghamshire, the Chancellor of the Exchequer and his Lordship favoured the Deputation with an interview
on

on Saturday, the 25th instant, at which Mr. Wallace was also present.

At that meeting various points belonging to the present negotiation were touched upon; but the discussion mainly turned on the important question of permitting the ships of private merchants generally to import goods from India, at the outports of the United Kingdom. The Deputation urged every thing which occurred to them in support of the proposition of the Court upon this subject, as involving the essential interests of the Company; but they found, with regret, that the impressions which his Majesty's Government had received respecting it, since the date of Lord Melville's letter of the 21st March, were not in consonance with the sentiments of the Court of Directors. The Chancellor of the Exchequer, however, and Lord Buckinghamshire, expressed their intention of communicating, in writing, the judgment they had formed on the subject in question; and Lord Buckinghamshire having accordingly addressed a letter to the Chairman and Deputy Chairman, dated the 27th instant, that letter is now laid before the Court.

No. LV.

LETTER from the Right Honorable the Earl of Buckinghamshire, to the Chairman and Deputy Chairman, referred to in the preceding Minute.

Gentlemen, *India Board, April 27th 1812.*

In communicating to you the sentiments of His Majesty's Government, after a full consideration of the several points which have been brought under their view, in consequence of the conferences and explanations I have had with you and the Deputation, since I had the honor of receiving your note of the 3d instant, it is unnecessary for me to enter upon the discussion of the Hints and Observations which have been the subject of the correspondence between the late President of the Board of Controul and yourselves, as far as those Hints and Observations have been sanctioned by the General Court.

It was to have been expected, that upon a question involving the various interests of so large a body as the merchants

chants and manufacturers of the United Kingdom, as well as of the East-India Company, that considerable differences of opinion should arise, and that reasons should be alleged of sufficient weight, to suggest the propriety of revising any plan which might originally have been concerted.

Under such an impression, Lord Melville, in his letter of the 21st ultimo, desired it to be distinctly understood, that public discussion, in the further progress of the measure, might possibly produce an alteration in some of the details, as well as regulations of a different description from those which were then suggested.

You would, therefore, not have been wholly unprepared for the communication made by me to the Chairman at a personal interview, when he was informed that the representations which had been brought before His Majesty's Government, since the publication of the correspondence already referred to, had led them to entertain an opinion, that they would best consult the public interest, by not confining the import trade from the East-Indies to the port of London.

The arguments adduced by you and the other members of the Deputation, and which had been urged with much ability, and at considerable length, in your letter of the 15th instant, have received the most serious attention of His Majesty's Government; but I have to acquaint you, that although they think that the great interest of policy and of revenue, as well as of the East-India Company, will render it their duty to propose to Parliament, that the existing restraints, respecting the commercial intercourse with China, should continue, and that the exclusive trade in tea should be preserved to the Company, for whatever term the charter may be renewed, yet that they remain of opinion that the import trade from the East-Indies should not be confined to the port of London.

They are not, however, insensible to the danger and mischief which the revenue, as well as the East-India Company, might suffer, if under the cover of that trade, an illicit commerce in tea were to be successfully carried on; but they conceive, that regulations, both in India and at home, may be so framed, as to guard against that danger, and to protect the Company and the revenue, whose interests in this respect equally require such protection, from the effects of it.

In submitting, therefore, the propositions to Parliament in this shape, the Government are persuaded, that whilst they
would

would thus be supporting interests justly entitled to public consideration, they would, at the same time, be pursuing a course, essential to the collection of a revenue of nearly four millions sterling, without breaking in upon that system, under which the salutary provisions of the Commutation Act secure the people of the United Kingdom against any failure in the regular and constant supply of an article, which has become a necessary of life.

In considering the terms proposed for the renewal of the Charter, as they would stand, should the suggestions I have conveyed to you in this letter be adopted, you will be sensible of the high importance of bringing to a conclusion an arrangement in which the interests of the Company and the nation at large are so deeply implicated, with as little delay as may be deemed compatible with a mature consideration, and satisfactory adjustment, of the several claims and pretensions of the parties concerned.

I have the honor to be, Gentlemen,

Your most obedient humble servant,

(Signed) BUCKINGHAMSHIRE.

To the Chairman and Deputy Chairman
of the Court of Directors.

No. LVI.

At a Secret Committee of Correspondence,

The 29th April 1812.

Read a letter from the Right Honorable the President of the Board of Commissioners, dated the 27th instant.

Read also and approved draft letter to the President of the Board of Commissioners, in reply.

No. LVII.

At a Secret Court of Directors,

Held on Wednesday, the 29th April 1812.

The letter from the Right Honorable the President of the Board of Commissioners, dated the 27th and read in Court the 28th instant, was again read.

The Chairman from the Committee of Correspondence laid before the Court draft of a proposed letter in reply hereto;

And the same was read and unanimously approved.

LETTER from the Deputation to the Rt. Hon. the Earl of Buckinghamshire, noticed in the preceding minutes.

My Lord, *East-India House, 29th April 1812.*

The letter which the Chairman and Deputy Chairman had the honour of receiving from your Lordship on the 27th instant, was the day following laid before the Court of Directors, and engaged their most serious attention. It has again been considered by them this day, and we have now to submit to your Lordship the answer which they have instructed us to make to it: an answer which, from having before well reflected on the principal subject of your Lordship's letter, delivers their mature opinion, and as they presume to hope, in the least time possible, being sensible with your Lordship that, in the present critical period of the negotiation, all unnecessary delay is to be avoided.

It is with extreme concern the Court find, that since the publication of the correspondence between the President of the Board of Commissioners and the Court of Directors on the momentous question of the renewal of the Company's Charter, his Majesty's Ministers have been led, by the representations which have been made to them, "to entertain an opinion, that they would best consult the public interest, by not confining the import trade from the East-Indies to the Port of London," and that they still hold this opinion.

Not having been made acquainted with the particulars of those representations, and having urged various arguments which remain unanswered, against the measure of opening the outports to the trade from India, the Court, under the disadvantages of such a situation, are imperiously called to the consideration of the circumstances in which the Company are now placed, and in which, according to the best judgment they can form, the Company would be placed, if the

the new Charter should open the outports of the United Kingdom to the returns of the Indian trade.

Whatever may be thought, my Lord, by the merchants of this country, of their right to enter into the possession of a trade, acquired and maintained through long struggles and vicissitudes, at immense expense, by the East-India Company; a trade still intimately connected with the security of the vast empire which the same Company have gained, and administer for the benefit of the nation at-large; the Court of Directors are of opinion, that the sacrifices they agreed to make of that trade to the public feeling, or if they may be permitted to express their idea more accurately, the public prejudice, were very large; and they yielded to them undoubtedly in a firm belief, nor at that time discouraged by His Majesty's Ministers, that the importations from India would be confined to London, as well as that the exclusive privilege of the China trade would be carefully secured to the Company. But the concessions frankly made by the Court of Directors and Proprietors, who regard themselves always as a part of the Public, and wish, as much as possible, to be in unison with it, have, it appears, only encouraged farther demands; and if the tide of prejudice, of popular clamour, of most extravagant expectation and unbounded pretension, which have been more industriously than fairly excited, were now to determine the public counsels, not a vestige would remain of that great fabric, which has been reared in the course of two centuries, uniting with commerce an imperial dominion, which would be shaken to its foundation by the destruction of that system which has acquired and preserved it.

It is no surprise, my Lord, to the Court, though it is undoubtedly a great consolation, that His Majesty's Ministers unite with the "great interests of policy and of revenue," those of the East-India Company, and that it must hence be their object to continue the political functions of the Company, and the means which are necessary for the maintenance of those functions. On this basis, the Court are happy to have the honor of meeting His Majesty's Ministers, and to continue the present discussion.

It is perfectly known, that for a series of years past, since the Indian territory has been loaded with an immense political debt, the Company have derived no surplus from the revenues. They have carried on the currency of their home affairs, they have even aided the political

political concerns of India, and, above all, they have made good the dividends to the Proprietors from the profits on their commerce ; and, of late years, these profits have been derived chiefly from the China trade. From the still existing territorial debts of the Company, and the scale of their Indian expenditure, after all endeavours to reduce it, the Court of Directors have no prospect of pecuniary acquisitions, except through the same medium of commerce, for many years to come ; and, as already intimated, it is the commercial profits of the Company which enable them to discharge the political functions assigned to them in the management of the Indian empire. Without this resource, or some equivalent one, not within their power, the dividends could not be continued, the value of the stock would diminish, and the Company be brought to a state of dissolution.

It is the extinction, or material diminution of the commercial profits, arising chiefly, as we have said, from the China trade, that we apprehend from the opening of the outports to the returns of the Indian commerce. If this extinction or diminution, were to take place, your Lordship will doubtless agree with the Court, in admitting, that the fatal consequences they contemplate, would follow ; and that, after going on a few years on the new plan, the Company would be so impaired in its resources, as to be inadequate to the important part allotted to it in the system of Indian administration.

When the Court of Directors thus view the consequences of opening the outports, His Majesty's Ministers will not blame the anxiety with which they respectfully contend against that measure. The duty they owe to their Constituents, to their own characters, and to the Public, requires them, in such a case, to act with the greatest circumspection, in order to obtain a reasonable assurance, that the terms of the new Charter will be such, as will enable the Company to go on efficiently in the performance of the political functions it has hitherto discharged.

We do not apprehend, my Lord, that there is any difference in principle on these points, between His Majesty's Ministers and the Court of Directors. The main difference, in respect to the question of opening the outports, is as to the practical effects of that measure. It appeared,

appeared, in the conference we had the honour of holding with the Chancellor of the Exchequer and your Lordship, to be his opinion, that checks could be devised to prevent an indefinite extent of smuggling tea, ruinous to the Company, which we fear from opening the outports to the Indian trade. We have already given many reasons for thinking, that the practice of smuggling would, in such case, be uncontrollable. Those reasons, which need not be repeated here, we believe it will be difficult for the parties most adverse to the Company to refute; but the subject being so important in the present discussion, we beg leave to add a few more observations on it.

It is a fact notorious, that tea has been smuggled, by the way of India, into this Country, even when the duty was comparatively small; when the Indian import trade was confined to eight or ten Company's ships, and to the river Thames. How much more, then, is smuggling, beyond all bounds, to be expected, when the ships shall be unlimited in number and size, and may resort to the outports of England, Scotland, and Ireland? This practice would be much facilitated, because, in the numerous Eastern Islands, not subject to any European power, where we have said tea might be brought for English ships from China, there is no usage of clearing out vessels, or giving them papers or manifests. It would thence be easy for them to break bulk in the passage home, and as they approached the coasts of Britain and Ireland, to put tea, as well as other articles chargeable with duty, on board of ships and cutters, destined either for the ports of the Continent, or the remote coasts of Scotland and Ireland, on which, for a hundred miles together, every where accessible from the sea, there is scarcely a custom-house, and where custom-houses could not be sufficiently multiplied. Vessels of very small size being allowed in the Indian trade, they could enter into ports and bays little frequented, and run goods to be carried inland and there dispersed. In some of the northern and western ports of the United Kingdom, we have heard that collusive practices between the revenue officers and the smugglers are not unusual. If this is the case in respect to articles which pay a comparatively small duty, what would it be, where the articles of tea and Indian goods were

were in question? Ships might stop at intermediate ports for orders, and there smuggle; as those bound to the Western coast, at Cork and Falmouth; those to the eastern coast, at Falmouth and the Downs; those going north about, on the Irish and Scotch coasts. Ships having several ports of discharge, would thereby obtain facilities in smuggling; and the state of relations between this country and parts of Northern Europe may be such, as to afford the means of running goods into those parts, which, from their proximity, may again be able to smuggle the goods into our remote ports. In a word, we are led to apprehend, that the means and the temptation of smuggling tea, when an unlimited trade is permitted to India and the Eastern Islands, must be, in a very great degree, uncontrollable by any checks which His Majesty's Government can, in such circumstances, interpose. Nor is it to be overlooked, that a class of Indian goods, styled in the revenue language *prohibited*, because excluded altogether, as interfering with the manufactures of this country; will, by all the openings which the new trade will produce, be every where unavoidably brought into use. It is true, that even if the return trade of India were confined to the Channel, as we proposed, smuggling might be expected, but certainly, not, in our opinion, at all to the same extent. And had we conceived otherwise, the same objection we now advance against opening the outports, would have been urged against that enlargement of trade, in which the Court have acquiesced, and for the same reason, to prevent the ruin of the Company; which did His Majesty's Ministers apprehend, they would doubtless, in either case, have desired to prevent, even by refusing the required concessions to the British merchants.

With these views, my Lord, deeply impressed on the minds of the Directors, acting as they are in a most responsible situation, is it too much for them to expect and to request; that they may be honored with the knowledge of those means which his Majesty's Government may think would be effectual to prevent the practice of smuggling, under the new circumstances, to any ruinous or great extent?—could they have a reasonable persuasion of the practicability of such prevention, *that* would, undoubtedly,

undoubtedly, so far lessen their fears and the arguments on which they now feel it their duty to insist. They hope not to be misunderstood in this proposition. Assured both of the desire of His Majesty's Ministers, as well on account of the Company as of the revenue, to prevent smuggling, and of their belief of the practicability of doing so; feeling also, as the Court do, the delicacy of seeming to interfere in any of the revenue regulations of Government, they are yet so circumstanced, in the present critical conjuncture, as to find this enquiry most interesting to the cause of the Company.

It is indeed true, that the Public appear to have a greater concern at stake here than the Company. The Public may lose the greater part of a revenue of four millions per annum, whilst the Company can have only to the extent of one million at hazard. But then this one million is all the Company's certain income: if they lose that, they lose the foundation on which their efficiency rests; unless, in the new arrangements, some other resource should be provided, which should secure the dividend to the Proprietors; a provision which, undoubtedly, would also materially affect the views the Court of Directors now entertain from contemplating the dangers of the Company's China trade. And suffer us, my Lord, since the assailants of the Company's privileges are so loud in representing their interests as those of the nation at large, to add this remark concerning the national interest in the present question, that if the revenue of nearly four millions, now so easily collected from tea; should fail, or fail to the extent of only two millions, other taxes must be laid upon the Public, to compensate for that loss: and whether the nation will gain so much otherwise, by the proposed enlargements of trade, may be a serious question with those who have to decide on this momentous concern; with us it is none. It may deserve also to be recollected, that with the fall of the Company's China trade will fall the exports of woollens and metals, to the extent of a million annually, by which the prosperity of the counties of Cornwall, Devon, Somerset, Dorset, and Gloucester, and Norfolk in some measure, have been upheld, during the arduous struggle of eighteen years in which the country has been engaged; the excellent fleet of ships employed by

by the Company, with all the long detail of interests connected with them, must decay; whilst the nation will lose that certain and regular supply furnished by the Company of the article of tea, an article, as your Lordship justly observes, now become a necessary of life.

Before we dismiss this topic, may we be allowed to bring under your Lordship's inspection a succinct view of the capital and interests concerned in the Indian and China trade from the port of London?

There are about fourteen hundred commanders and officers belonging to the ships of the East-India Company (besides the seamen, who may be about eight thousand). The tradesmen engaged in the supply of the Company's shipping in the river Thames are about twelve thousand, and the labourers employed in their warehouses are about three thousand. All these, with their families and dependants, making an aggregate of upwards of thirty thousand persons, would, by the removal of the Indian trade from the port of London, be generally reduced to great distress, and many of them become burthensome to their parishes.

The capital now employed in the Indian trade may be moderately computed as follows.

The Company's capital stock of £6,000,000,			
at the price at which many Proprietors			
purchased, will amount to	-	-	-£10,800,000
Capital in warehouses	-	-	- 1,000,000
Capital in ships	-	-	- 3,800,000
Capital in docks	-	-	- 400,000
Capital of individuals in the metropolis may			
be moderately estimated at	-	-	- 5,000,000
			<hr/>
			£21,000,000

The trade in which this large capital is employed produces, as we have had occasion repeatedly to observe, an annual revenue to Government of more than four millions sterling; and the net saving to Government, from the present mode of collecting the duties, may, we conceive, be fairly estimated at £150,000 per annum. By no means of direct and indirect taxation, the capital itself, and the profits upon it, yield a farther sum of large amount to Government; but the productiveness of the capital, in this respect, depends wholly upon the solidity of the basis on which it rests.

These

These, my Lord, are the sentiments and observations which we are directed to communicate to your Lordship. The reflection upon them has, we trust, been mature, though the expression of them, in the shortest time allowed for the preparation of this letter, may require indulgence. But we are further specially directed to add, that this is a concern of too great moment for the Court to trust to its own judgment, or to act on its own responsibility; the Directors have therefore summoned a General Court of Proprietors to meet on Friday next, when the correspondence with your Lordship, including this letter, will be laid before them for their consideration.

We have the honor to be, my Lord,

Your Lordship's most obedient humble servants,

(Signed)

HUGH INGLIS,
ROBERT THORNTON,
JACOB BOSANQUET,
W. F. ELPHINSTONE,
EDWARD PARRY,
CHARLES GRANT,
GEORGE SMITH,
WILLIAM ASTELL.

The Right Honorable the Earl of Buckinghamshire,
&c. &c. &c.

U

THE
QUESTION

AS TO THE

RENEWAL

OF THE

EAST INDIA COMPANY'S MONOPOLY

EXAMINED



EDINBURGH.

PRINTED AT THE CORRESPONDENT OFFICE,
FOR SILVESTER DOIG AND ANDREW STIRLING, EDINBURGH; CRADOCK AND CO.,
LONDON; THOMAS KAYE, LIVERPOOL; AND A. AND D. SCOTT, GLASGOW.

1812.

THE following train of reasoning appeared originally in several successive numbers of the EDINBURGH CORRESPONDENT Newspaper, and was so fortunate, even in that imperfect form, as to obtain the most flattering notice of the Mercantile Gentlemen engaged in opposing the renewal of the East India Company's charter. This circumstance induced the author to give his papers a hasty revisal, and to submit them to the public, in a shape better calculated to make a lasting impression on the great question, of which he had undertaken the examination. In the present work, he has endeavoured to give such a view of the several points connected with the Company's monopoly, as the very limited period prescribed to him, by the object of the publication, would permit.

THE
QUESTION, &c

THE affairs of British India, which have so long been involved in impenetrable mystery, seem now destined to meet the deliberate investigation of the legislature and the country. The steady and enlightened zeal in the cause of commercial freedom, by which the merchants of Great Britain are distinguished, has been most laudably devoted towards securing such a full and liberal discussion of the questions connected with our Indian commercial policy, as cannot fail to add greatly to our stock of commercial and political knowledge, whatever may be the ultimate decision of the legislature on the measures about to be submitted to its consideration.

THE correspondence betwixt the present Lord Melville, then president of the board of controul, and Messrs. Parry and Grant, of the East India Company, relative to the conditions on which the company might expect the support of government for the renewal of their charter, which terminates in March 1814, has very naturally inspired the mercantile gentlemen with the highest confidence as to the ultimate triumph of their cause. The first branch of this correspondence embraces a variety of topics connected with the affairs of India, together with some suggestions on the part of the company as to the contributions to be expected from government, towards providing for the extraordinary Indian expenditure which may be required in the new posture of European affairs. On several of these topics a very marked difference of opinion appears at the date of the correspondence to have subsisted betwixt government and the company, which Lord Melville expresses without reserve or hesitation. His letter is closed, however, by two propositions, in reference to the renewal of the charter, which the gentlemen acting for the company have justly deemed of the highest importance—the opening of the trade with the countries comprehended in the company's charter to all classes of British subjects, in vessels fitted out or freighted by themselves; and a change in the military system of India, which will abolish the invidious distinctions now recognised

between the British and native troops. The directors were at no loss to comprehend the import of Lord Melville's first proposition; they rightly understood it to express the determination of government, that the trade to India should be thrown open, and, of course, that the commercial monopoly of their constituents should be substantially abolished. Under this impression, they prepared and transmitted a grave and elaborate remonstrance against so alarming an innovation, from which they anticipate nothing but disappointment and ruin to the private adventurers, together with the subversion of the company's establishment and of the British dominion in India. In examining the arguments of the directors against a free trade, and the pretensions which they so arrogantly make to an exclusive capacity for conducting the affairs of British India, an endless variety of topics naturally suggest themselves. If the author, however, shall succeed in establishing against the company the following propositions, he humbly presumes, that no rational doubt can any longer be entertained as to the expediency of legislative interference for the unqualified abolition of the monopoly.

1st. That the exclusive privilege of trading with India, and the other countries included in the company's charter, is utterly incompatible with the

most liberal and enlightened views of political economy, and equally prejudicial to the interests of the mother country and the colonies.

2d, That the whole history of the East India Company's transactions bears the most convincing testimony to the soundness of the general argument; and that in no shape has the establishment of the monopoly proved beneficial either to the proprietors or to the country.

3d, That the objections made by the company to a free trade are quite puerile and unsatisfactory, and that no possible danger could result from such an innovation in the old system as would bestow on the private trader even the most unlimited freedom of trade and intercourse with India and the other countries now embraced by the monopoly.

4th, That should the company refuse its acquiescence in so wise and salutary an arrangement, there would be but little difficulty in the direct assumption of the government of India by the crown; an event which it is to be hoped would place the free trade on a sure and permanent basis. But before proceeding to the illustration of these propositions, a few remarks of a more general and preliminary nature must be premised.

THE first thing which strikes an inquirer into the merits of our Indian policy, is the strange and mysterious style in which most persons are accustomed to speak and to write upon the subject, as if, when examining any question relative to India, there existed a plain and indisputable necessity for laying aside all the received principles of commercial and political science, and for abandoning even the most familiar maxims of common sense and sound reasoning. The affairs of India, we are told by those who profess to be particularly conversant in them, are quite different from the affairs of all other countries, and must be regulated by a separate and distinct set of maxims, which are known only to a few who are profoundly skilled in the endless details of this most complicated subject. There is something, it is pretended, in the climate of Asia—in the physical constitution of the eastern nations, as well as in their laws, manners, and religion, which must for ever baffle those European politicians who may presume to interfere in the legislation of the Asiatics. We are told to look for the aid which is to supply the defects of our ordinary notions in the intelligence and wisdom of the laborious persons, who have industriously heaped together, for the edification of Europe, all the rubbish of Hindoo literature, and on whose testimony, in such a case, there must always rest the strongest suspicion, on account of the dangerous

bias which their opinions must have received from the influence of the power to which they owe their being and reputation. It is quite amusing to observe the influence which these flimsy pretensions exert, even over men of strong understandings, when they come to treat of the affairs of India. So successful, indeed, have the politicians, who are supposed to have a peculiar and official knowledge of Indian affairs, been in imposing this singular delusion on the public, that even the statesmen to whom we are accustomed, on all other subjects, to listen with acquiescence and respect, are heard with the most scrupulous and unaccountable distrust, when they come to deliver their sentiments on the complicated and hitherto mysterious subject of Indian policy.

It may be asked, why we should not, without the slightest hesitation, apply to our Indian policy precisely the same maxims which, in all other affairs, are deemed a sure test of right and wrong in legislation; and why we should refuse, in this instance, to pay our customary deference to those names whose authority is in all other cases admitted without reluctance? We know very well indeed that the climate of India differs very much from that of England,—that the Hindoos are a far more indolent race than the English,—that their laws, habits, and religion, are materially different ;

and yet it is not easy to discover how all this should establish such a wonderful distinction, as to render every scheme of policy which would be applauded in Europe, wholly inapplicable to the condition of Hindostan. As no man of sense can ever be brought to believe in any permanent or material difference betwixt the great features, moral and intellectual, of the Asiatic and European characters, we may therefore, with entire safety, reject a distinction which is brought forward only to serve as a support to some weak or foolish argument, or an auxiliary to an interested and selfish plan of policy and legislation; and it may be safely and confidently affirmed, that in Asia, as well as in Europe, that is the best system of government which most effectually promotes the great ends of liberty and protection to its subjects, at the least possible expence of their lives and fortunes; and that the best plan of commercial intercourse for India, as well as for England, is that which ensures the perfect freedom of individual industry, while it offers the most splendid rewards to the successful exertion of individual talent, and the most promising hopes to the fortunate issue of individual enterprise and speculation. It is impossible to believe, that there is any thing either in the climate of Asia, or in the condition of its inhabitants, which should prescribe a system of government for them materially different in its principles from those

which are recognized in Europe : or that an upright and vigorous administration of justice, a powerful establishment for defence, a system of prudent economy on the part of the administration, and a free and unrestrained intercourse of trade, should be at all of an equivocal or dangerous influence in modifying the character of the Hindoos, and in carrying their country to the highest pitch of opulence and power, which is compatible with its circumstances and resources. If the author be wrong in this general position, which shall be assumed as unquestionable in all the subsequent discussions, he must fairly acknowledge, that amid all the extravagancies which he has heard and read upon the subject, he has been unable to discover any thing sufficient to shake his settled and deliberate conviction.

It is scarcely necessary therefore to mention, that there are but few principles of a policy purely Indian, which may be applied in the course of the present investigation—and that in spite of all the clamour, which will naturally enough be raised by the zeal of an interested faction, the whole question must be brought to issue on the hypothesis that such a book as the *Wealth of Nations* really contains principles which do not altogether lose their force when applied to the affairs of India. In spite of all the sophistry and declamation which the ora-

tors of Leadenhall-street can bring into play on the subject of their powers and privileges, the leading doctrines of moral and political science possess a significance and application wherever men are found,—an application whose limits are confined only by those of human society !

1st, IN conformity, therefore, with the above principles, it must be pronounced a most absurd and preposterous thing, that an association of merchants should be vested with the sovereignty of an empire, far more populous and extensive than that of which they themselves form but a small and comparatively insignificant portion. The causes, in a great measure accidental, of this singular phenomenon in politics, to which neither ancient nor modern times can afford any thing like a parallel, are well known as matter of history. But whatever these causes may have been, it deserves always to be remembered, that the East India Company, which has no higher rank than what belongs to the greatest mercantile society in the world, is in the actual possession of one of the largest and most fertile of empires, and enjoys at present the full and unqualified monopoly of a trade, which, estimating its value by the fertility of the soil, and the number of the people to whom it extends, ought to leave the trade of all other countries far behind it in extent and importance. It must be superflu-

ous to urge against such an arrangement all the ordinary topics of censure and reprobation—to declaim on the utter unfitness of such a society at once to play the parts of sovereign and merchant—or to dwell at length on the gross and striking impropriety of bending under the yoke of such masters a territory of almost boundless extent and fertility. It must be equally superfluous to remind the reader that the government of the company, like that established in all the other oriental states, is a pure despotism ; and that under such a government there exists no security for the happiness of the governed, except in the wisdom and benevolence of the administration. It must be unnecessary also to remind him, that the interest in the welfare of India which may be expected from the proprietors and directors of the company, is really the most feeble and unsteady that can possibly be imagined ; and that, of course, every thing might be expected from their administration, rather than a regard to the comfort and happiness of their subjects. From the very nature of the association, the interest of individual proprietors must be feeble and transient, because their great object in connecting themselves with the society at all, is to secure a certain share of influence and patronage ; the exercise of which, to the fullest extent, is not by any means compatible with a disinterested regard to the prosperity of the governed. It seems quite natural to expect from

such a government nothing but avarice, rapacity, and oppression towards its subjects. But all this is so very apparent, and has already been so frequently pressed on the consideration of the legislature, that the topic may be safely dismissed, without encumbering the simple statement of it with further comment or reflection.

BUT if the natural and apparently incurable defects of the company's administration of the government of a great empire be thus apparent, the objections which at first view present themselves to the commercial monopoly by which the political rights of the company are fortified, seem to be infinitely more formidable. There is no feature, perhaps, of the policy of an unenlightened age which is more strikingly incompatible with the fair enjoyment of individual rights, or the rapid progress of general prosperity, than this same system of monopolies, and none, certainly, whose absolute incongruity with the improved notions of an advanced period is more manifest and palpable. What can be more capricious and unjust, than the selection of a few favoured individuals, for the exclusive enjoyment of all the commercial benefits to be derived from an intercourse with distant nations, while the rest of their fellow citizens, whose character and pretensions are in every respect as favourable, remain the idle and discontented specta-

tors of the advantages secured to their more fortunate rivals? It is essential to the prosperity of commerce, that it should be free and unconstrained; that the adventurer should be left to the exercise of a discretion the most unerring, because supported by the steadiest and most powerful motives; and that he should receive from government the most ample protection for his rights, in order that he may be enabled to proceed without timidity or hesitation. But can any invasion of his rights be more gross and insulting than that which is accomplished in the shape of a monopoly, excluding him from a participation in the profits of a great and lucrative trade, which opens the widest and most promising field for his skill and enterprise? Every grant of monopoly is a gift out of the great commercial patrimony of the state; and while it is the duty of a wise government, like a kind and affectionate parent, to consult the welfare of all its subjects, it is no wonder that much murmuring and discontent should be excited by a capricious preference in the distribution of the common inheritance, which secures a large and valuable estate to a favourite child, while the others are calmly abandoned to look for support and protection to the unassisted efforts of their own talents, or the favourable events of their own fortunes. This ungenerous partiality and unfair abridgment of natural right, are implied, however, in every establish-

ment of commercial monopoly, and afford, independently of all other considerations, a strong inducement to the immediate discontinuance of such of them as still triumph over the good sense and liberality of the present age.

It might have been deemed very superfluous indeed, at this time of day, to have said one word on the subject of commercial monopolies—the narrow views of policy in which they have originated—their deadening influence on industry—and the heavy restraints which they impose on the progress of national wealth, had it not been for the strange tissue of reasoning which is employed by the court of directors, in their correspondence with Lord Melville. When they attempt to prove that the trade to British India will, from circumstances which are in a great measure beyond controul, admit of no extension from the utmost freedom of private enterprize, their argument, how inaccurate soever, is at least guiltless of any glaring inconsistency with the great doctrines of political economy; but when they come to defend the monopoly, on the ground that the competition of private adventurers will in India enhance so much the price of every article, that the company will be unable to buy, and in Europe reduce the price so much, that the company will be ruined by selling—when they come to talk of something in the constitution of

the Hindoos, which will prevent them from raising the supply, so as to meet an increased demand for their commodities, and begin to state their curious arguments for confining the trade of India to the port of London, it must excite no small share of astonishment, that paradoxes so whimsical and obsolete should at the present day find such advocates. Nothing but the unexpected appearance of these prejudices in such a quarter could have justified a single observation on the hacknied topic of commercial monopolies, upon which it has been vainly believed that the enlightened policy of modern times had indelibly fixed the character of public nuisances.

To justify the gross invasion of the rights of the commercial body, which is committed in every case of monopoly, it would be necessary to prove that the scheme is attended with various and important advantages; that it tends to promote industry and opulence throughout all classes of the community; and gives a better and wiser direction to capital than it would take without the aid of law, and the interference of legislative wisdom. Even if all this could be plausibly maintained, there are persons who might still have their scruples as to the equity of the principle which, for the sake of speculative and undefined advantages, would authorize so arbitrary a restraint on the common rights

and privileges of the community. But if it can be proved, with the utmost certainty and precision, that the reverse of all that has now been stated is true, and that the inexpediency of such a system is not more manifest than its injustice, we must be disposed to wonder, that the most unqualified decision on the merits of the present question has not long ago been finally and irrevocably pronounced.

THERE is no political contrivance which, in all its shapes and forms, has fallen so much into discredit among thinking men, as this same contrivance of monopoly. They have zealously and successfully pursued its advocates through all their mazes of sophistry, and have fairly brought to light the intolerable evils, which are not merely incidental to an injudicious and impolitic scheme of exclusive privileges, but are inherent and essential to the very being of monopoly, even under the wisest regulations. It has been proved in a thousand different forms, that a trade, not supported by the profits which it is calculated to yield, but remaining dependent for its continuance on extraordinary immunities and privileges, secured at the expence of those who do not participate in its gains, is necessarily a losing trade to the public, whatever may be its result to the individuals by whom it is conducted. It is needless to enter into any very nice

or abstruse reasoning in support of this proposition, since it admits of the easiest illustration, by a reference to the most familiar principles which guide the conduct of individuals. No man will persist in devoting a portion of his funds to an employment which does not yield him an ordinary return, without assistance from other sources, or the sacrifice of other advantages;—and it may be assumed, as a general proposition, which in questions of political economy holds true, with very few exceptions, that the same maxims which an individual will find prudent in the management of his private affairs, will not prove of doubtful application when applied to the wealth of nations. The trade, therefore, which requires a monopoly for its support, is in itself a losing trade, and can never, with any regard to the most obvious maxims of policy, receive the countenance of the legislature, unless it be found subservient to higher interests, which could not in any other shape be so effectually consulted.

THE exclusive privileges which in days of ignorance were allowed to fetter the internal commerce of the European states have gradually disappeared, except under the most stupid and ignorant of European governments, of whose imbecility their remains are now held to be one of the surest tests. But the case is not much better when, in place of the trade of the parent state, that of its

colonies is subjected to the influence of exclusive privileges; for, independently altogether of the consideration, that the colonies must, in every view of enlightened policy, be held to be integral parts of the empire, there have been applied to the case of colonial monopolies, one or two arguments, which must insure conviction whenever they obtain an impartial hearing.

WHERE a monopoly of colonial trade, such as that of the East India Company, is established, it is quite obvious that one of two consequences must follow—either the monopolists are fully qualified to conduct the whole trade in the very best manner, or they are not able to do this, and could not stand the competition of the private merchant. If the first hypothesis be admitted, then the grant of exclusive privileges is a very foolish and unnecessary measure; since the grantees are, in truth, the very persons into whose hands the whole trade would inevitably fall in the natural course of things; and the monopoly can serve no other purpose than to excite murmurs among those who may be apt to entertain the erroneous notion, that they themselves could successfully compete with the monopolists, were all restraints withdrawn. But this hypothesis is never admissible in any case of monopoly; for it is so obviously beyond the power of human foresight and wisdom to establish prospective regulations for the

complicated affairs of a great and increasing branch of trade, that the exact adaptation of the means to the end will never be credited by any man of common understanding. There remains, therefore, but one alternative, that the monopolists are really unfit for the most beneficial discharge of the trust reposed in them—that they are without the vigilance, capital, and talents, which are required to the best management of their concerns; or, in other words, that the affairs of their trade are necessarily and inevitably conducted by them, to the great loss and inconvenience of the public,

Now is it a matter of any difficulty to point out the precise way in which the loss is sustained by the country, which is unhappily led to sanction so preposterous an arrangement. The industry of the parent state can be promoted only by a demand for its manufactures; and this demand can be increased in no other way but by competition among the buyers. The same obvious and invariable maxims of political science apply also to the case of the colony, whose progressive improvement in industry and opulence forms the only lawful object of the policy of the parent state. But when you grant a monopoly, you destroy this competition—you make the monopolists the only buyers both at home and abroad—you make them also the only sellers—in short, you destroy, in so far as it is possible for a narrow and

misguided policy to do so, all the great springs on which the prosperity of nations must for ever depend.

BUT it has also been so often proved, that many persons must by this time be sickened with the repetition of the argument, that monopolies have a twofold operation in diminishing the sources of opulence—that they check industry by narrowing the competition of buyers, and enhance prices by limiting the number of sellers. Every man buys as cheap, and sells as dear as possible; but the monopolist alone is enabled to do this without hazard or apprehension. There exists no competition to restrain the unbounded avarice of his nature; and in the free indulgence of the most selfish of passions, he is enabled, with one hand to check the industry of the poor, and with the other to narrow the enjoyments of the rich. There is but one way of promoting industry with effect, to increase the demand for its productions; and there is also but one way to extend consumption—by lowering the price of the articles consumed. Under these two heads may be ranged almost every proposition in the science of political economy, as well as every rational scheme for accelerating the progress of opulence; and yet it is not a little singular, that the attainment of both of these great ends forms the very objection which the East-India Company

are pleased to state to the abolition of their commercial monopoly. They complain, that private competition will enhance the price of Indian commodities—that is, will encourage industry among the subjects of the British government in India ; and, with perfect consistency, they complain also, that the same private competition will lower in the home market the value of Indian produce—that is, will greatly extend the consumption. There is much candour to be sure in this undisguised form of stating the claims of the company ; because the legislature can be at no loss as to the character of the commercial advantages which are to be expected from a prolongation of its privileges ; but it was perhaps too much for the directors to demand that the public should make sacrifices of such importance, without the clearest evidence that the British power in India must perish with the dissolution of the company ; and that the company itself must perish with the abolition of its commercial monopoly.

SUCH is the short and conclusive argument against all monopolies ; and as its tendency appears so very obvious and unavoidable, every person of a liberal and enlightened understanding must be deeply mortified by the necessity which renders its repetition, in every possible form, incumbent on all those who are anxious to take a share in the present mo-

mentous discussion, for rescuing the trade of India from the degradation into which it has notoriously fallen under the management of the East India Company. The specimen which we lately had of the views entertained by the directors on this subject, and of the arguments by which they attempted to give them plausibility, affords a melancholy proof, that in the course of the ensuing contention betwixt liberality and prejudice, it may be very unsafe to presume upon the general admission even of the most familiar principles of political science. Let it be remembered then, that the commercial privileges of the East India Company are repugnant to the most obvious maxims of commercial policy, and utterly at variance with the prosperity of England, as well as of India.

WHAT has been already stated is, with some limitations, true of all monopolies; even of these which leave scope for the enterprise and vigilance of the private traders of a particular province or state. But the argument applies with tenfold force to a monopoly so very narrow as to include only a single commercial association, so constituted, as to forfeit entirely all the benefits derived from the powerful stimulus of private interest, and the controlling restraint of private inspection. Such an association as this, while it deprives industry of all the advantages derived from a free competition,

and sacrifices the interests of the community to the prejudices of a few individuals, is so ingeniously contrived, as to forfeit even for the grantees all the commercial benefits which they might otherwise promise themselves from the partiality of government. The strong stimulus of individual interest, and the benefits of private vigilance being lost by the very constitution of the society, the inference is no less inevitable in theory, than we have found it invariably justified by the event, that such an association, with all its other privileges and immunities, could not, even for a single day, sustain the competition of the private merchant—nay, that even when secured against this competition, such are the negligence and waste inseparable from its plan of administration, that it cannot, with any rational prospect of success, hope to continue its commercial undertakings. How accurately these general reasonings, which monopolists alone deride as speculative and visionary, have been verified in the history of the East India Company, and how slender has been its power of profiting even by the ample privileges showered down upon it by the careless bounty of the state, shall be afterwards shewn by a reference to documents of unquestionable authenticity. Such are the profusion and waste inseparable from the company's mode of management—such the dilatory and thoughtless manner in which its commercial affairs are conducted, that it now forms a

charge against the company, as unanswerable as it is disgraceful, that the competition of America has fairly driven them out of every market into which an American is permitted to enter. The dispatch and economy with which the Americans conduct their share of the trade of India, form a notorious contrast to the tardy and expensive manner in which the business of the company is managed—and although without either the capital or the skill which England could readily afford, we have the authority of the proprietors themselves, at a late meeting, for asserting, that wherever the Americans can come into competition, they uniformly expel the company from the market. We shall afterwards see with what peculiar advantage, in point of gain, the East India Company has been enabled to conduct its mercantile business, and shall have an opportunity of explaining the probable motives, which, in spite of almost uniform loss and disaster, still tempt the company to cling to the renewal of their charter, with all its ancient fetters on the general commerce of the British islands.

To such persons as are acquainted with the present state of the East India's Company affairs, it may appear quite superfluous to number among the evils resulting from every scheme of monopoly, the chance that it will not provide a capital adequate to the trade included in the grant of privileges, because

it is now unfortunately too well known that the company is not only without capital of any kind, but deeply immersed in debt, from which there is no prospect of its speedy extrication. But it belongs more to our present view of the subject, which is quite of a general nature, to remark, that the evils alluded to can scarcely ever be avoided, where a monopoly is established, which comprehends a very extensive branch of trade; since there is no chance that the capital fixed for the company should ever be well adapted to the exigencies of trade, however small; and still less probability that an association should be formed sufficiently numerous and opulent to embrace all the objects of an extended commerce. We believe it impossible even for the wisdom of the legislature to calculate prospectively the amount of the capital which may be necessary to conduct the trade of India, while it is altogether absurd to suppose that an association, sufficiently comprehensive in point of capital, should be formed so as completely to accomplish the commercial objects of the establishment. To suppose that all this is to be effected, is in fact to suppose a coincidence almost miraculous—to believe that the legislature, while occupied in securing the objects of a company of monopolists, should accidentally stumble on such an establishment as may include the very same capital which, in a state of perfect freedom, would be employed in that particular branch of trade. But all

this is quite incredible—and we are, therefore, compelled to suppose, that in every case of monopoly, at least in every case where the exclusive privileges are bestowed on an association like the East India Company, there is the greatest risk that the capital of the monopolists will be found totally inadequate for the purposes of their establishment. That this has been always the situation of the company we have every reason to believe—that such has been its condition for many years we have very unexceptionable authority for maintaining—for we have the evidence of the most distinguished persons connected with the affairs of India. The Marquis Wellesley, while at the head of the company's government in India, candidly declared his sentiments on this point to the court of directors; while the late Lord Melville, in terms not quite so precise perhaps, but of similar import, intimated to the company, that the known insufficiency of their funds prescribed the partial encroachment on their privileges, which was determined on in the year 1800, by the admission of India built ships to a share in the homeward trade. Were the company in its present circumstances to confine its trade within the bounds of its capital, we should have little reason, indeed, to dispute on this point; for it is well known, that what of the trade of India still remains to the company is now carried on by the most destructive of all expedients in a mercantile point of view—the

borrowing of capital at such a rate of interest as the profits of the trade, under the company's management, never can compensate. But the opinions to which we have already made reference, were given at a period when the company was still believed to be solvent, and, of course, when as large a portion of capital was devoted to the trade as the nature of the monopoly and the circumstances of the company would permit. Here, again, as on every other occasion, there seems to be a most striking coincidence between the deductions of theory and the results of experience, with respect to the commercial affairs of the company—a coincidence which can be explained on no other supposition than that the mismanagement and imbecility which belong to the very constitution of the company, as a mercantile body, are so palpable and obvious as to preclude all chance of these errors, which are too often chargeable on the inferences of theory and speculation. But the commercial character of the East India Company is ascertained by marks too unequivocal to admit of any mistake of this kind. And none of them, perhaps, is more strikingly offensive and revolting, than that to which allusion has now been made—the acknowledged inadequacy of the company's capital to embrace the trade, over which they would still arrogate an exclusive controul, and the inevitable tendency of such controul to keep

down the industry, manufactures, and trade of India in a state of hopeless vassalage and degradation.

BUT there is still another circumstance connected with the state of the East India Company, since its immense territorial acquisitions have been made in India, by which it is most unfavourably distinguished from almost every other monopoly, and aspires to a pre-eminence over every other faulty and impolitic establishment. The circumstance to which we allude is that unfortunate combination of the incompatible functions of merchant and sovereign, which must for ever preclude all advances in commercial improvement, while it completely sinks the subordinate in the higher and more interesting character. It is surely not the least of the objections, in a general point of view, which suggest themselves to the present constitution of the East India Company, that it assigns to the directors, different classes of functions, which cannot all of them be well discharged by the same persons; that, as sovereigns, it gives, or at least ought to give, them an interest in the welfare and prosperity of the British dominions in India, which is necessarily inconsistent with their views as monopolists; and, of course, that it ensures the inadequate, partial, or oppressive exercise of one or other of the branches of that power which has been entrusted to them by

the legislature. If the sovereign of any European state had also an entire monopoly of its foreign trade, what are the consequences which every man of common understanding would anticipate from so preposterous an union of different or rather opposite characters? would he not expect, with the most perfect confidence, either that the trade would be rendered quite subservient to the temporary and fluctuating schemes of administration, and of course would sink quickly into insignificance; or that the paternal interest, which is natural even to the worst of governments, in the prosperity of its subjects, would be shamelessly abandoned, for the ignoble pursuits of unlawful gain, at the hazard of committing the greatest oppressions on the labouring and industrious classes of the people? The case is precisely the same with India: the company, as sovereigns, ought to feel an interest in extending the manufactures and trade of India; but, as monopolists, it is clearly their business to compress them within the narrow limits which are found suitable to their own circumstances and resources. Even if the company had the best intentions in the world towards the trade of their Indian territories, it is quite impossible that they should be able to carry them into effect so long as the monopoly remains untouched; and should they act on the principles, and yield to the feelings, which belong to the nature of their establishment, they sink the sove-

reign in the monopolist, and forfeit, for the extensive regions under their sway, the moderate chances of prosperity, which are never lost, even under the most absolute of ordinary despotisms.—To all those manifest evils of a more general kind, which seem to be obviously inseparable from the commercial monopoly of the East India Company, let there be added the melancholy and discreditable ignorance on the affairs of our Indian empire, which pervades all classes of the people, and which is, in a great measure, the result of a system that assigns to the company the sole interest in these affairs, and you will form, after all, a very imperfect idea of the mischiefs which are fairly chargeable to the account of our Indian policy. Let it be remembered, that few people know any thing of India; because there are but few who can expect to profit by that knowledge; and that the disgraceful ignorance which prevails on almost every topic connected with our Indian affairs, must multiply to an incredible degree the risks we must always run of losing an empire which we have hitherto maintained, and must always continue to hold, by a tenure the most precarious and uncertain. Let it be also remembered, that the origin of the monopoly, of which we now hear so many loud and merited complaints, belongs to a period of our history, when the affairs of our commerce were little studied and still less understood—that the age of

Queen Elizabeth was not remarkable for very enlarged notions either of policy or legislation—that the antiquity of the establishment affords, therefore, in the present case, no presumption for its expediency; and that, while all impartial persons, who have at any time conscientiously hesitated on the general question of commercial monopolies, have been gradually coming round to the side of justice and liberality, the exclusive and invidious privileges of the company are now scarcely ever mentioned without reprobation, except by the proprietors themselves, and a few interested advocates, whom they have been compelled to hire for their justification.

IN this general and preliminary view of the question, it deserves also to be remarked, that the only argument in support of monopoly, to which the author of “The Wealth of Nations” seems disposed to allow any weight—the insufficiency of private capital, without combination, to conduct the trade—is not even alluded to by the directors; and even if it had, would have been triumphantly refuted by reference to the notorious and unprecedented accumulation of capital, which we owe to the commercial genius of the British nation.

THE commercial monopoly of the East India Company seems, therefore, to be at variance with

all the principles of a wise policy—to be an unnecessary, and therefore unjust, invasion of the general rights of the mercantile world—to be in its very nature and principles alike incompatible with the manufacturing and mercantile interests of England as of India,—to be a source of obvious detriment to the nation, as the most expensive and least efficient mode of conducting a great branch of trade, which it, moreover, reduces to perfect insignificance, by narrowing the capital destined to its support—and to exhibit such an unnatural and monstrous union in the same set of individuals, of the incompatible characters of merchants and sovereigns, as implies a sure and fatal sacrifice of one or other of the great objects which it is the purpose of this unwieldy establishment to accomplish. With all these evils, besides, there seems to be hardly any mixture of good ; for the great sacrifice made by the public is unhappily rendered unavailable to any private interest of the parties, which they can lawfully avow ; and, although it may prove subservient to the views which they and their friends entertain, of sharing in the power and patronage of India, has been found utterly inadequate to the increase of the lawful emoluments of their mercantile pursuits. In all this we have advanced nothing which has not been repeatedly proved by the most eminent writers on the science of political economy, and most amply verified in the experience and history of the East India Company itself. For the

mischiefs of such a system, it may be worth while to inquire whether compensation has been found in any part of the company's transaction—whether the wisdom and virtues of that society, whose members now demand, in terms so lofty, the continuance of all their exclusive privileges, have been discoverable in any one branch of their affairs; whether, in short, the company has in past times done any thing for England or for India, which might not have been as well, or better done, had the company never existed. The reasoning already submitted would be irresistible were the company coming forward, for the first time, to make the demands which they now press upon the government; but the case may be quite different, and some further inquiry may be deemed requisite before pronouncing a decision on its present claims, which are limited to the renewal of privileges long ago conferred. There may be much to praise in the past conduct of the company—much to refute every inference as to its character, deduced from principles merely speculative, as they are called—much to give them a strong claim on the gratitude, and even on the justice of the country. All this, to be sure, is asserted by themselves and their advocates; and in order to appreciate the import of the plea thus maintained against the general rights of British merchants, it is necessary to take a brief retrospect of the past conduct and fortunes of this mighty establishment. The result of this retrospect

will, it is presumed, completely establish the absurdity of all their pleas ; and prove, to the conviction of every reasonable man, that but few things have been well, or prosperously done, with which the company has had any sort of connection ; and, that in these instances in which their political schemes have been crowned with success, all that has been gained might with more perfect certainty have been anticipated from the operation of a system, in which the very existence of the company needed not to have been recognized. But before proceeding to a short account of the past history and present state of the company's affairs, it is necessary to advert to some pretensions set up by its defenders in the course of the present controversy, which seem to take for granted, the existence of vague and undefined rights on the part of the company, that cannot be acknowledged without imposing on the ensuing deliberations of the legislature certain restraints, which a little sophistry and artifice may readily turn against the just and reasonable claims of the united body of British merchants.

It cannot be necessary to enter into a very full investigation of the pretensions which the company seems disposed to make, to an exclusive right of dominion over the vast territories which have been acquired by the genius and policy of their servants,

civil and military; because this wild notion has been most pointedly discountenanced by Lord Melville, and is really a great deal too absurd to merit a serious discussion. If it were well founded, there would indeed be an end of the present question; for if the extensive empire of British India were in truth the absolute property of the honourable company of merchants, nothing could be more preposterous than any claim on the part of their fellow subjects to a participation in the profits and emoluments which it may afford. But it may be safely affirmed, that this is the first time that any subject or class of subjects has thought of laying such a claim to foreign territories, whether of their own acquisition or not, as to render their possession of them independent of the paramount authority of the state. But if the indefinite, and rather unintelligible language held in the correspondence, have any meaning at all, it must amount to this; that the right of the company to these boundless regions, is such as to preclude the interference of the legislature in the arrangement of their commercial concerns. Either all this is meant, or nothing is meant at all; and the argument is quite inapplicable in a question respecting the general admission of British subjects to the benefits of the Indian trade. If the company are entitled to state their rights in this broad and ample form, they are entitled to claim, in direct terms, the absolute and

unqualified dominion of British India ; they would be justified in throwing off entirely the controuling power of the parent state ; they may begin to-morrow, if they choose, to exercise all the rights of sovereignty ; and may, if they think proper, cede the whole empire to the enemies of Great Britain. All this would result immediately from their right of dominion, did it exist ; and, therefore, it is impossible that it can exist.

THE next pretension of the company is of a different and more unassuming character. Besides the broad and palpably inadmissible claim, which has now been examined, another somewhat more modest, though perhaps not on that account less embarrassing, has been stated at a late meeting of the proprietors, for a compensation to the company, out of the public purse, in case the legislature shall determine on throwing open the trade. Now it is not easy to comprehend the grounds of this claim ; but it is very easy to conceive, that its sly introduction may, at a crisis like the present, throw serious obstacles in the way of any change in our Indian policy. The directors, no doubt, entertain some well-founded apprehensions, that they may be speedily compelled to abandon all the pleas by which they would attempt a direct opposition to the demands of their fellow-citizens ; and they are wise enough to perceive that they may find a

strong reserve in any argument which would render a gift from the public revenue an unavoidable preliminary to the success of their antagonists. There are but two grounds on which the company can rest this novel claim of compensation—they must be prepared either to deny altogether the right of the legislature to interfere in the regulation of the trade to India—or they must undertake to prove, that although, according to the strict interpretation of their agreement with the public, no such proposition can be asserted, still they have been secretly and indirectly seduced into such measures as could have originated in nothing but a belief that their monopoly was still to be preserved to them entire and unimpaired.

ON the first of these suppositions, it must be needless to say a single word; for, besides that the whole commercial rights of the company depend on the terms of their charter, which it remains with the legislature either to renew or discontinue, as it may deem most expedient for the public, the whole tenor of the correspondence betwixt the minister and the company, implies, what indeed could never be doubted—the conviction of the directors, that their constituents must, on the expiration of the present charter, be wholly and entirely at the disposal of parliament. On the strict interpretation, therefore, of the rights

already conceded to them, they can found no claim to the compensation which they so strangely propose to demand—and there remains, of course, but one question—whether, in good faith and equity, their pretensions are entitled to more regard than they can have from the strict notions of law? And here we may call upon the directors to specify when, and from whom, they received any pledge that their commercial monopoly would, when a natural period should be put to their present rights, be reserved to them—what evidence they have that such a pledge was ever given them—and, above all, what proof they have in store to convince the public, that by such assurances and belief they were ever misled into any measures of which, were their charter annulled to-morrow, they would have any good reason for repentance. Should they tell us of the extensive schemes of conquest, which, within a few years, their officers have been so fortunate as to accomplish, the answer is ready, that, on the remaining period of their charter, they must have reckoned for the reimbursement of their extraordinary expenditure—that if their hopes have been disappointed, the failure has been quite accidental, and by no means unusual in such undertakings; and, at all events, that, in so far as an ultimate compensation is to be expected from the growing revenues of the conquered provinces, that source may, for any thing urged by the petitioners, still

continue untouched. But the truth is, that they had but little reason to expect that their monopoly should at any one period of its natural termination be renewed; for, besides the obvious impolicy of their privileges, they have long known that the sense of the country has been very decidedly against them. The claims of the mercantile world, and the general dissatisfaction of all classes, on account of the East India monopoly, might have conveyed a pretty sure intimation to the company, that their commercial existence was about drawing to a close; and must, at all events, serve as a complete answer to any claim on the part of the company for a compensation, should the legislature decide on throwing the trade open to the capital and enterprise of the private merchant. We cannot indeed discover that this claim has the slightest foundation in any view of the company's condition, nor that it should have any weight whatever when Parliament shall come to the solemn discussion of the complicated affairs of our Indian empire.

2d, In defiance, however, of every thing which has been urged by politicians and philosophers, to prove the injustice and inexpediency of all sorts of monopolies, and in particular to bring into discredit the monopoly enjoyed by the East-India Company, the more daring advocates of this monopoly have, on various occasions, attempted to refute those arguments, by

a confident, and even triumphant reference to the history of the company, its present greatness and prosperity, as well as the numerous advantages which it has secured for the commerce and revenue of England. Were there any truth or solidity in the view which has been taken of the subject by the defenders of the company, it were impossible to resist the preponderance of practical knowledge over the deductions of mere theory, however plausible or consistent; but a very little reflection will be sufficient to convince every one that a bolder attempt than that of the above persons has seldom been made, to impose on the ignorance or thoughtlessness of the public.

To estimate fairly the merits of the system which has been pursued by the company, it is needless to go farther back than the year 1784, when the attention of the legislature and the country was imperiously called to Indian affairs, by the profligacy, abuse, and mismanagement, which seemed to mark the whole of its proceedings. It had at this period become quite notorious, that the oppression exercised by the company's servants abroad, over the independent princes of India—the princes in alliance with the company, as well as the provinces which had submitted to the British government,—were such as to endanger the very existence of the British name in India. So very critical and alarm-

ing was the state of British India then deemed by the legislature, that after most elaborate and voluminous reports by committees of the House of Commons, in which every species of misgovernment was brought home to the company, the most violent remedies alone were pronounced suitable to the disease. Mr. Fox and his friends did not hesitate about proposing a measure which involved the temporary forfeiture of the most valuable privileges belonging to the company; while Mr. Pitt, with less precipitation, and more tenderness for the company's rights, could discover no cure for the disorder short of a participation by the executive government in the conduct of the company's political affairs. During the anxious discussions of that memorable period, it seems to have been conceded on all sides, that there were vices inherent to the very constitution of the company, which disqualified it for the exercise of the functions with which it was entrusted; that the greater number of the proprietors must always be much more disposed to intrigue for political power, than to speculate for the sake of commercial wealth; and that the court of directors, being a representative body, must of necessity be supposed to participate in the vices and prejudices of their constituents. It was but too obvious, from the whole scene of iniquity which was then unveiled, that the more bustling and ambitious of the proprietors were naturally so much

interested in the welfare of the company's servants in India, who were of their own selection, as to aim at securing certain impunity for all classes of delinquents; and it was at once perceived, that the irregular and undefined controul then exerted by ministers over the proceedings of the directors, must for ever be found inadequate to the remedy of such grievances. It availed not the company, to pretend that the instructions dispatched by them to their servants in India had in general been wise and politic, because it had been uniformly remarked with astonishment, that every breach of these instructions had been ultimately rewarded with the company's approbation. Of the disposition natural to a set of men, like the proprietors of India stock, a very good specimen was about this time given, in the confirmation of the power of Mr. Hastings, after his recall had been determined on by the House of Commons; and, in short, it was in the whole circumstances of the case quite manifest, that no remedy, could be found for the defects inherent to the constitution of the company, but in the exercise of a powerful and efficient controul over the selection of their servants, as well as their plans of policy. A most important revolution in the government of British India was of course determined on, and a great share of that power, which the company had shewn itself so ill qualified to ex-

ercise, was transferred to the crown, which was enabled to controul the proceedings of the directors by the power of appointing to offices of trust and authority in India—of imposing a negative on the appointments made by the company—and of removing improper and unworthy servants from the situations to which they had been nominated. A direct and immediate influence over the policy pursued in India was bestowed on a body of commissioners, created for the purpose, who have since been known under the appellation of *the board of controul*. Thus did the company's acknowledged incapacity to manage its affairs prescribe a change of system to the legislature, which amounted to a direct and very serious encroachment on the rights then claimed, even under an existing charter which had received the sanction of Parliament.

It were absurd to dispute, that since this great reformation in the government of India was accomplished, the political evils resulting from the company's administration have been in a great measure corrected, and the most splendid and substantial additions made to the British empire in India. It is very true, indeed, that the House of Commons did, at the period to which we allude, express an opinion, decidedly unfavourable to future conquest; but, besides that any prospective system for regulating the affairs of foreign policy must necessarily be received with numerous limitations,

we are at some loss to discover how the rapid progress of the British arms in India, and the firm consolidation of a great empire, should in any respect be deemed unfavourable to the stability of British power in that quarter of the world. To the credit of the plans pursued by the board of controul, and by those great men, who, since its institution, have been successively vested with supreme power in India,—plans which doubtless have been, in a great measure, the result of vigour and sagacity, acting in circumstances which neither were nor could be anticipated, when the House of Commons came to the resolution, disapproving of further conquest—it may now be affirmed with confidence, that all the dangerous enemies of the British power in India, native as well as European, have been subdued or extirpated, and security given to a dominion, which, as it originated in force and violence, could be confirmed only by the establishment of an absolute and irresistible ascendancy. Of the strict justice of the measures which have been found necessary for securing our Indian territories, it is needless to say thing; for if the injustice of these measures is to be made a subject of charge against their authors, it will be necessary to go back to the origin of our conquests in India, which not only justified but prescribed perseverance in the same system; and because, after all, if the question is to be fairly examined, in reference to the happiness of the governed, there can be no doubt that the peo-

ple of India have gained incalculably by their submission to the British government. Neither is it sufficient to seal the condemnation of the board of controul and the officers of their nomination, that in return for immense acquisitions in the Mysore, the Carnatic, the Decan, &c. we have been compelled to contract a debt of some millions in India; for there is no instance in which the most valuable conquests have not been found a source of temporary expence. That under a different system, this heavy expenditure may be rendered but temporary, there is every reason to believe, notwithstanding the opinions of a noble author, who seems to have written his book on India quite as much from personal dislike to the late Lord Melville, as from disapprobation of the measures pursued by the board of controul.* Let it be remembered that the Marquis Wellesley found the Indian revenue of the company but eight millions, and raised it to fifteen, and that if for the debt which has been contracted in the course of the unrivalled successes obtained under the government of that nobleman, no compensation were to be found in the stability of our Indian empire, some return might still be made to the parent state in the ample provision which its expenditure affords for the most active and enterprising of her children.

* *Vide* Lord Lauderdale's Enquiry into the practical merits of the system for the government of India under the superintendence of the board of controul.

BUT it seems quite obvious that no portion of these brilliant results is to be attributed to the East India Company—nay, that the existence and privileges of the company are fairly chargeable with no small share of the mischief which has been unhappily united with so much positive and substantial good. It is beyond all question that the British government, had it enjoyed the immediate and exclusive sovereignty of British India, would have shewn itself quite as well adapted as the honourable company to the conduct of military and political affairs. But it is moreover quite well known, that the schemes of conquest recently pursued did not originate with the directors, but with the board of controul and the government of India, and have on many occasions met with the pointed disapprobation of the company. It is amusing to hear the proprietors, in such circumstances, complimenting the company on the share it has taken in these weighty affairs, and urging such pretensions as a ground for claiming the favour of the legislature and the country. It is still more important to observe, that the enormous expenditure, which has been the consequence of our territorial acquisitions in India, is but a part of that system of extravagance which seems inseparable from all the company's proceedings, and has resulted in a great measure from the want of sufficient checks on the Indian expenditure of the company—checks which

would doubtless have been established by the legislature, but for the difficulty of interfering with what have been called the chartered rights of the company.—And here it is necessary to enter with a little more fullness into the benefits which the country has derived from its Indian dominions, under the company's administration.

THE first advantage derived from our Indian empire is in the field which it affords for young men of enterprise and talents, who might find it extremely difficult to secure at home the objects of their ambition. The unavailing sophistry of some persons, who seem already to hesitate about the entire abandonment of India, would persuade us that this is no solid advantage, because the talents and capital of the adventurers are thus in a great measure lost to the mother-country.* But it is almost superfluous to observe, that, in such a country as this, a great deal more talent is produced than can well find employment; and, of course, that a suitable outlet for such redundancy must be found of inestimable value. It is quite obvious, also, that this is a benefit, which even the mal-administration of the company could not deny to the parent state—that it would have been better secured had the company never existed—and that the line of policy, to which the directors so pertinaciously adhere, in the midst of their alarms about colonization, is precisely that which,

* *Vide* Edinburgh Review, No. 30.

above all others, is calculated to confine this benefit within the narrowest possible limits.

ON the subject of the revenue derived from India, it will not be necessary to say much ; for it is now past all dispute, that no such revenue either is received at present, or has at any time been received during the administration of the company. The territorial revenue raised in India has, upon the whole, been found quite insufficient to defray the expences of the local government ; and although we are not disposed to wonder much at this, nor to impute great blame on account of the deficiency to those who have been entrusted with the management of Indian affairs, it is proper that the public should be kept in remembrance of the fact, at least so long as the advocates of the company, with the view of securing a renewal of the charter on the present terms, are so busy in exaggerating the benefits which have been derived from its administration. The sanguine expectations, indeed, of immense wealth to be derived to the parent state from the surplus of territorial revenue have been rather prematurely indulged, while the stability of our Indian empire was yet so very imperfect, that great additional sacrifices might, with reason, have been anticipated for its preservation ; and although there seems no reason to believe that these views can never at any future period be at least partially realized, it is beyond all question,

that the past failure of these hopes must be ascribed to causes in a great measure beyond controul. But whatever may be thought on this point, one thing at least seems to be unquestionable—that the revenues of India have never yet been found adequate to its expenditure ; and that all the provisions of 1784 and 1793, for admitting the public to a participation in these revenues, hitherto remain unexecuted. It is notorious, indeed, that the only benefit derived from these provisions has been appropriated to the company itself, as the act of 1793, which provides for the annual payment by the company to the public of the sum of five hundred thousand pounds, allows the proprietors, in that event, to increase their own dividends from eight to ten per cent. The payment to the public has been but once made since the act was passed ; but the increased dividend has been regularly allowed to the proprietors since the payment made to the public—a circumstance which leaves no doubt as to the motives that induced the company to determine on this elusory compliance with the conditions of the statute. But there remains no longer a hope that even this paltry advantage will on any future occasion be secured to the state, so long as the present system of Indian policy shall be pursued—because the state of the territorial revenues, as well as of the general affairs of the company, is now by far too well known to the public, to permit any farther delusion on this sub-

ject. By a great variety of the most conclusive evidence, it is now fully ascertained, that since the year 1797, down to the present period, not only has there been no surplus of Indian revenue, but an actual deficiency to the yearly amount of a million sterling, which has since been increasing in a very rapid ratio. Nor could the company, at any time, account for the unfavourable state of their affairs, by ascribing it to European war, since it is well known that the expence attending the capture of the French and Dutch settlements has uniformly been allowed to the company in accounting with the public; and it is a fact quite notorious, and which indeed has been again and again stated, even by the persons who act for the company, that their trade receives an ample compensation in the augmented value of the articles of their commerce, for the loss sustained by an increase in the rates of freight and insurance. In 1805-6 the deficit in the revenue was upwards of two millions and a-half sterling, and has since, there is every reason to believe, been rapidly increasing, while the debt contracted in India was, by the latest accounts, stated at no less a sum than thirty-six millions sterling. It is needless to encumber this statement with any reference to the complicated accounts from which these results are deduced; because the mystery which at one period seems to have enveloped the whole subject, is now in a great measure removed, and men of all parties seem to be

agreed, that for several years the government of India has been an actual and a heavy charge on Great Britain. It might be presumptuous to hazard any opinion, whether, under different management, a better state of things might not have been expected; but the public should bear in mind the above facts, while they endeavour to estimate the claims of the company to a renewal of its charter. If the gain of England, by participating in the revenues of India, had any share in leading to the last renewal of the company's charter, let it always be recollected, that in this object we have been most miserably disappointed.

By far the most solid and important of the advantages which England may derive from her vast empire in India, however, is that of a great and extended commercial intercourse with the immense regions included in the company's charter. The splendid acquisition of extensive empire is but of doubtful advantage—the surplus of revenue, after defraying the expences of local government, is but precarious and uncertain at the best—while the lawful gains of an honourable commerce form an important and substantial addition to the power and resources of the parent state. Few people would, therefore, have been disposed to quarrel much with the company's administration, even if it had secured for the mother country no advantages except those

which are of the most unequivocal character, the increase of her manufacturing industry, and the extension of her commerce. But has the company done this to any extent worth mentioning—has it at all fulfilled the expectations even of those who estimated on the most moderate principles the commercial value, to such a country as Great Britain, of the exclusive influence which it has, by a series of fortunate events, been enabled to acquire among the nations of Asia—or has it not rather, in a spirit of uniform illiberality, kept down the enterprise, and, throughout a series of misfortunes, baffled the hopes of the British people?

IN answering these questions, it may not be improper, first of all, to take a brief retrospect of the exclusive and domineering views of commercial policy by which the company has been influenced; and afterwards to endeavour to appreciate the advantages which it has contrived to secure from the most unlimited concession of its claims.

THE opposition which is now about to be made to the renewal of the company's monopoly, is far from being new, although it has not hitherto been urged with the same zeal and knowledge which belong to the merchants of the present day—for so far back as 1730, the merchants of Glasgow, Liverpool, and other trading cities, made strong re-

monstrances against the charter which was then granted, and offered many powerful and conclusive arguments for the abolition of the monopoly. But it is yet a subject of boasting and triumph with the company, that they made a successful stand against the just and fair claims of the petitioners, and that, by advancing to government the paltry sum of three hundred thousand pounds, as the price of their encroachment on the liberty of commerce, and making some idle and fallacious statements about the quantity of shipping which they would be able to employ, they prevailed over the sound sense of the legislature, and the enlightened views of their fellow-citizens. When the charter was last renewed (in 1793), the same discussion was resumed, but with infinitely more effect, on the part of the private merchants; for it was by this time conceded on all hands, that a free trade should be permitted, in so far as it might be deemed consistent with the security and preservation of the colonies. This point, to be sure, was even then contested by the company; but it was contested by the company alone; and the sound views on commercial subjects which had by this time made so great a progress, ultimately carried the recognition at least of the principle, that the company's privileges were incompatible with the commercial prosperity both of England and India. The consequence of this was the provision in the act of 1793 for the limited partici-

pation of the private merchants in the trade of India; but it is now unfortunately too well known, that the restrictions and limitations with which this arrangement was encumbered, and which the company had the address to get introduced into the act, have effectually frightened away private merchants from all interference in the trade thus partially laid open. To shew with what fatal success the policy and influence of the company have been employed towards perpetuating the fetters imposed on the trade to India, and how completely the object was obtained of rendering the partial relaxation of 1793 quite nugatory and ineffectual, it is enough to state, that the necessities of our merchants in India, to avail themselves of the act for exporting to England, being, from circumstances which are afterwards to be noticed, almost imperious, they, in the years 1795 and 1796, made repeated applications to the company for an allowance of shipping, which should be subject to all the usual regulations, with the exception of that alone which prescribed the period of departure; but all their earnest and anxious requests were haughtily disregarded. That the public may be fully aware of the nature of the service done by the company to the commercial interests of British India, by their most rigorous adherence to the privileges of their monopoly, we have only to mention, that, in the year 1808, when, from circumstances quite acci-

dental, the India homeward trade was still further freed from restraint, the importations by the private merchants from India amounted, not to three thousand, the limits prescribed by the act 1793, but to nearly fifteen thousand tons. These notorious and undisputed facts have been selected out of a great mass of evidence to the same effect, to prove the eagerness with which the directors have at all periods clung to their monopoly; the strenuous and unwearied resistance which they have made to the fair claims of the private merchant; and the egregious fallacy which they would impose on the public understanding, when they would have us estimate the future amount of the trade of India by the extent which it has hitherto attained under the management of the company.

It might surely have been expected, that, with all this zeal to exclude others from participating in the trade—with all this anxiety to continue the monopoly, and to appropriate every thing to themselves, the company would have been making rapid strides towards unrivalled opulence. But there is no better proof of the soundness of the general principles, of which a recapitulation was given at the commencement of this discussion, than the complete and entire failure of this most natural expectation, which has been wholly disappointed in the history of the company's affairs.—There is a fata-

lity attending the commercial undertakings of the company, which has of late years been driving them on to ruin as a mercantile society, and has at last terminated in the undisputed insolvency of the establishment. It is true, indeed, that so long as the manufactures of India found no rival in those of Great Britain—while the company were in the undisturbed enjoyment of its exclusive rights, with the advantage of a ready market, to which no competitor could venture on approaching—and while there yet remained some faint traces of the mercantile origin of the establishment, in the habits of vigilance and economy which corresponded with that character,—they did contrive to make a profit on their mercantile speculations, although even then the profit was as small as a very supine and careless management of their affairs would permit. But, of late years, the scene has been quite changed—the admission of America in the year 1797 to that share in the trade, both of India and China, which was denied to the British merchant, appears to have altered entirely the face of the company's commercial concerns, and since that fatal year, down to the present day, the general balance on their mercantile transactions has, we believe, with hardly a single exception, been against the company. The first circumstance which, in this point of view, demands attention, is, the rapid and astonishing decline since the year 1798, of the capital employed by the com-

pany in carrying on their trade, which, at the above period, amounted to about four and a half millions, and does not now exceed the half of that sum. This is a most melancholy feature in the company's affairs—a decisive proof, if any were wanted, that such establishments have in themselves so strong a tendency towards ruin and decay, that no extraneous support will be found sufficient to prolong their existence. But this is not even the worst feature in the case—for not only has the trade, carried on by the company, been, by a slow but sure progress, gradually sinking into insignificance, but the approach of bankruptcy and ruin has been accelerated by causes of more rapid and decisive operation. The year 1797 was the first in which a total loss on the mercantile transactions of the company was fairly admitted. In 1798 the same discouraging result was presented; in 1799 there was a great loss on the exports to India; and in 1800 a serious loss was again sustained on the exports to India, for which no compensation could be found on the sales in Europe. From 1801 downward, the accounts present nothing but a repetition of the same disasters in India—of heavy losses sustained on the company's exports from Great Britain, which are scarcely ever compensated by the profits on their imports. The trade of the company, for the last fifteen years, has therefore exhibited nothing but a series of very heavy losses, as well as various other symptoms of decay,

from which there seems to be no chance of rescuing the commercial intercourse betwixt Great Britain and India, so long as the present unhappy system of exclusion is pursued. The result of all this has been, that the commercial misfortunes of the company, added to the deficits of their Indian revenue, have reduced them to a state of undeniable insolvency—have compelled them, ever since the year 1807, to encroach, to the amount of two millions annually, on the resources of the mother-country—nay, have forced them, at the very period when all their obnoxious privileges are about to undergo the severe scrutiny of the legislature and the country, to resolve on coming once more to the pockets of the people of England, from whom it seems that they are, in the present year, to demand what they are pleased to term a *loan*, to no less an amount than six millions sterling.*

SUCH is the prosperous and satisfactory result of the method adopted by the East India Company for managing the trade of the extensive countries included in their charter, and such are the benefits which even the parties themselves have derived from the exclusive privileges which they would so unreasonably and so tenaciously still continue to vindicate. It may appear surprising to some persons that

* This resolution was adopted at a late meeting of the proprietors, and a petition to this effect actually approved of.

the directors and proprietors should still persist in arrogating to themselves an exclusive right to a trade which they are so evidently unfit to manage with advantage. But the ignorance and simplicity of such persons can only excite a smile with those who recollect that the East India Company is now any thing rather than a mercantile establishment—that the views of the proprietors have little connection, indeed, with the fair emoluments of mercantile pursuits—that a share in the power and patronage of India is now with them the great object of ambition—and that they have come to entertain some fears, not altogether unreasonable, that the abolition of their commercial monopoly would, after a little experience of its advantages, lead, by a pretty sure course, to a revolution in the government of India, still more important. Were it once settled by the testimony of experience, that the trade to India might be safely and honourably conducted without the intervention of the company, the legislature might probably be disposed to think that the government of the provinces might be just as well conducted under the immediate care of the general administration of the country; and a death-blow might thus be given to the hopes and expectations of those who count for their own importance and that of their relatives, on the facilities afforded to their ambition in the present system of our Indian policy.

AND here we cannot help alluding to some puerile criticisms in defence of the company's commercial arrangements, which appeared some time ago in a periodical work of considerable notoriety.* The company has been often charged with discouraging the industry and manufactures of England, by the limits which it imposes on exportation to India; but the ingenious critic, to whom we allude, states the fact of the losses sustained by the company on the exports of woollens actually sent to India, as a proof that the charge is altogether groundless. But this argument has evidently no application to the question,—since no pains are taken to satisfy us, that the company is perfectly qualified to furnish India with these articles at a rate equally moderate with the private trader; nor that it is well calculated, by vigorous and enterprising speculation, for encouraging among the people of Asia a taste for British manufactures. It is a singular piece of sophistry in the writer to tell the public, that it ought to be contented, if a greater quantity of British goods are exported to India than there exists a demand for, and if the company are willing to sacrifice their own private interest so far as to export British manufactures at the risk of a great loss to themselves. In every point of view, it is surely a public mischief and a nuisance, that any trade should be permanently conducted with a certain loss, on what

* Edinburgh Review, No. 30.

class soever of the people this loss may ultimately fall ; and it is surely not a little ludicrous, after all that has been proved and admitted about the conduct of the company's mercantile affairs, to hear the directors, and their advocates, urging their own apprehensions about the perils to which an open trade would expose the private merchant, as a piece of conclusive reasoning for perpetuating the monopoly.

AFTER all this, it is curious to observe the arrogant and boasting manner in which the proprietors were pleased to express themselves at their late meeting, and to listen to the strange language in which their correspondence with government describes the past services and merits of the company. They talk of the progress of the British arms, and of the expulsion of all foreign European nations from the peninsula of Hindostan, as if these brilliant events were not the result of the power and resources of the British empire, which are, at any rate, permitted to operate in a manner extremely partial and imperfect in the shape of such an establishment as the East India Company. They boast of the seamen and tonnage which they employ, as well as of the taxes which are paid by their trade, just as if all these things did not depend precisely on the amount of the trade itself, and as if it had never been proved, that, but for the company and its method of managing it, the trade, as well as

the seamen, tonnage, and taxes, would have been increased tenfold. Among their other claims to the favourable regard of the country, they very modestly state their computed loss on freight during the war, which they estimate at no less a sum than nine millions, and very reasonably claim, on this account, an exemption from the income-tax on their dividends. We know not that there is a single person in the country who has not suffered much loss by the present as well as every other war; and were the notions of the proprietors to receive any sort of support, we should find it difficult to collect the income, or indeed any other tax. Such, however, are the consistent and liberal views entertained by the patrons and advocates of monopoly.

It may now be assumed, that every thing which speculative men, as they are called, have said against monopolies, and in particular every thing which they have said against the East India Company, and its utter unfitness for carrying on the trade of India with advantage to the public, or even to the proprietors, has been fully proved and confirmed by an appeal to the authentic history of the company's proceedings, and that it has been established beyond all question, that the nation owes nothing to the company, either in its political or mercantile capacity, while there is the greatest possible hazard

of adding prodigiously to the heavy losses which it has already sustained, should the legislature determine on the unqualified renewal of the company's charter. The inference is quite irresistible, that if the trade to the countries comprehended in the company's charter can be thrown open, and if an entirely new system can be established, without the hazard of greater evils than those which we are anxious to escape, it must be the imperious duty of the legislature instantly to attempt this great reformation. But the company have been most laudably employed in starting endless objections to this change of system, and in conjuring up innumerable phantoms to appal the legislature, and to retard the progress of that great improvement to which the nation is visibly and inevitably approaching. Of these objections it will now be necessary to undertake a deliberate examination.

3d, THE elaborate and miscellaneous argument maintained by the company, embraces a variety of topics, which are partly of a political and partly of a commercial nature; and it is a circumstance not a little remarkable, that all the zeal and ingenuity which have been put in requisition to frame a plausible case in favour of monopoly, have not been found sufficient to start a single proposition which has any pretension to novelty—nay, which has not been again and again examined and refuted. While the

discussion about the renewal of the charter in 1793 was in progress, the great body of British merchants made precisely the same claims which they now make, and were answered by the company nearly in the same terms in which they are now answered. Scarcely one single fact has since been brought to light, and scarcely a single argument is now used, which was not then fully examined, and most satisfactorily refuted. The case of the company has now, indeed, become far more hopeless than it was at the above period ; not only because its incapacity for conducting the trade of India is now more fully established, but because all the alarm and apprehension which it then so studiously endeavoured to excite, have been fully discredited by the history of the intercourse which America has since been allowed to maintain with the countries included in the charter.

THE claim which the private merchants make, is to a participation in the trade, now exclusively enjoyed by the company—to a free trade, both with India and China, together with such a right of residence in the territorial possessions of the company, as may be found necessary for enabling them to manage their concerns free of arbitrary conditions, and restraints of every description. Let it be recollected also, by whom this claim is made—that it is urged by the merchants of Great Britain—a body

of men not more remarkable for their spirit and enterprise, than for their unrivalled liberality of sentiment, and spotless integrity of character. It is of importance to keep this in mind while examining the frivolous objections of the company, founded on their pretended fears about the injustice, rapacity, and extortion of the private trader, which are speedily to embroil us with all the nations to whom they are allowed access, and to close for ever our splendid prospects, with respect to the future state of our trade with the countries of Asia. Let it be remembered, that in these arguments (if arguments indeed they can be called) the company, inadvertently perhaps, hold a language as to the character of the petitioners, which is in the highest degree unwarrantable and insulting—and that the men whom they are thus indirectly traducing maintain throughout the world a reputation for sound sense and fair dealing, which perhaps is not so well sustained by any class of men, either in this or in any other country. From the company, the members of which in general belong to the same class, this accusation comes with a very bad grace indeed, since it must hold eternally true, that allowing to the free trader and the monopolist an equal share of probity and discretion, there is the strongest chance in the world, that the additional motive of private interest, which must operate with infinitely greater force on the former than on the latter, will give to

the dealings of the private merchant a degree of circumspection, which will in vain be sought for in the transactions of such a body as the East India Company.

AND here it may be proper, once for all, to enter the most unequivocal protest against the reasonings of the company, as to the natural and necessary limitation of the trade to India, and the inference deduced from this view of the question, that it is therefore expedient to continue the monopoly. There are few persons who will concur in the statements of the directors, as to the probable extent of this trade at a future period, under the vigilant inspection of the private merchant—but even if the public were quite satisfied that there is no chance of an increase beyond the present amount, there would still be great propriety in acceding to the demands of the petitioners. Whether the trade should, after it is thrown open, prove susceptible of great improvement, in point of extent, this at least is certain, that it will admit of much amelioration in the mode of management—and this, in a national view, seems quite a sufficient reason for immediately acceding to the propositions of the merchants. But the sentiments of the company on this head are liable to the strongest suspicions—their own failure, in extending the trade to India and China,

affords no proof whatever that the trade is not susceptible of increase—even the scanty introduction of British manufacture, which has already been effected among the people of Asia, affords conclusive evidence, that under better management the trade might admit of indefinite increase ; and even were this not the case, the assertions of the company, on this subject, can receive no sort of credit, till they are confirmed by the result of an experiment for the entire abolition of the monopoly. If it be asserted, that from the slow advances hitherto made in introducing among the oriental nations the manufactures of Great Britain, it is a fair inference that every future attempt must be equally unavailing, it might also be maintained, that the recent experience of the company would justify us in concluding that the trade cannot, under any regulations, be continued at all, except with the certainty of very great loss. Surely if experience is to be our guide, and that experience is to be sought for in the history of the company's transactions, both of these inferences are equally legitimate, although both of them to common sense are equally extravagant. It is obvious, at all events, that things cannot be worse than they are at present, but that they may become much better ; and this consideration is sufficient of itself to justify and even to prescribe a change of system.

It should also be impressed on the recollection of the public, that the prophecies of the directors are of the same character with those which they have always been accustomed to utter when opposing the claims of their countrymen, and precisely the same, indeed, with those by means of which they, in the year 1703, prevailed on the legislature to limit the amount of private tonnage to three thousand tons, although, in so short a space as five years after this regulation had been made, the private trade from India to London employed no less than fifteen thousand tons of shipping.

THE first idea, indeed, which presents itself on the perusal of the long letter to Lord Melville, deprecating in such strong terms the abolition of the monopoly, on the ground that the trade to India admits of no further extension, is, that the whole statements, by which this view of the question is supported, refer to the trade of India, as it is managed under the present monopoly, and cannot, of course, lead to any decisive inference with respect to that very different order of things which it is in contemplation to establish. It may be very true that the Dutch and French monopolists were quite as unsuccessful as their English successors have since been, in developing all the rich sources of Indian trade; and yet it may be very doubtful whether the vigorous and enterprising spirit of the private trader might not arouse this vast empire from the deep

slumber in which it has so long been buried. But it cannot escape the most superficial observation, that the apparent contempt with which the trade of India is spoken of, and the instant ruin with which private adventurers are threatened, is not quite consistent with the serious and anxious remonstrance of the company against the removal of the restrictions. If the trade be really so narrow and unprosperous as they would have the public to believe, the surrender of their extensive right to it cannot be so very serious as this; and if it is to be fraught with ruin to those who may dare to embark in it, they may safely leave it to the intelligence of the private trader to make this discovery, and to his prudence to retire from utter destruction, should his sanguine hopes seduce him to so perilous an undertaking. In short, the future extent of the trade to India will never be estimated by any calculations of its present amount, under the management of the company; nor will the warm remonstrances of the directors against the admission of private adventurers be readily ascribed to their serious and disinterested apprehensions about the safety of their rivals.

It may be very true, indeed, that expectations a little exaggerated are entertained of the advantages to result from the free admission of British merchants to the benefits of this trade; and even the advocates of a free trade will subscribe, without

hesitation, to a part of the reasoning of Messrs. Parry and Grant on this subject, derived from a consideration of the wants and habits of the natives of India. The people who inhabit those delightful regions have few wants, from the nature of their climate, and little power to supply them, from the indolence of their habits. Yet, it is admitted, that woollens and metals are in demand among them ; and will the company venture to affirm, that, under a different system, this demand might not be prodigiously increased? The very existence of a demand for such articles shews, that, under better management, it might be extended to a degree which the company unaided could not supply, and which, indeed, it can never have any strong interest to extend, so long as territorial dominion, rather than mercantile prosperity, forms the great object of its institution. It is impossible, from past events, to predict the extent to which the habits, even of the Hindoos, might be improved under a beneficent administration, because they have hitherto unfortunately had no experience in their connection with Europeans of the benefits to be derived from a system of enlightened policy. But we are told that the whole of the extensive regions from the gulf of Persia to the eastern Archipelago have long been explored ; that the Portuguese, French, and Dutch, exhausted all their efforts to introduce European manufactures among the inhabitants ; and that the

British residents in different parts of India have been sedulously employed with the same views, and with equal success. But let it be remembered by whom these British residents have been hitherto supplied—under what fetters and restrictions every thing has been conducted—with what jealousy all enterprise has been contemplated ; and then it will not be surprising that their progress has not been very great in a task of acknowledged difficulty—the awakening the most passive and indolent of the human race to the pursuits of gain and the vigour of industry. Nor will it excite wonder, that in spite of the legislative provisions of 1793, there have been but few applications to the company for the benefit of the act ; because the measure was in itself of so partial and limited a nature, and liable to so many disagreeable and perplexing obstacles in the execution, that the subject of Indian trade naturally remained in the same obscurity as before to British merchants, to whom no adequate temptation was held out to invite enterprise and emulation. Who can wonder, that, in all these circumstances, the trade of India with Europe should have remained on nearly the same general footing in which it stood in the time of the Romans—an exchange of the commodities of India, not for commodities, but for the precious metals from Europe ?

But the company would fain persuade the

that the export as well as the import trade of India is necessarily confined within very narrow limits—that spices, drugs, coffee, sugars, raw silk, saltpetre, indigo, raw cotton and cotton manufactures, constitute the whole produce of the country, and that very little addition can ever be made to the present amount of these exports. It is afterwards admitted, indeed, that a very important addition to these items must be made in the article of hemp; but, after all, we are told, that many years must elapse before the exportation of this article can become considerable. The great and obvious importance, however, of some of the articles—of coffee, raw silk, raw cotton, indigo, and, above all, hemp, as well as the high probability, that a free competition would very much extend the trade in them, cannot be disguised, even if there were no other considerations to induce the legislature to hazard an experiment at once so promising and important. It must always be remembered, that the extent to which the trade in these articles might be carried by the free competition of British capital, admits of no estimate from the past history of the company's administration.

BUT the most decisive and satisfactory assurance on this branch of the subject is derived from the vast progress which America has unaccountably been

permitted to make in the trade of India. On this point, the explanation given by the directors is by no means calculated to allay the suspicions excited by the other parts of their reasoning, or to silence the complaints which have so often, and apparently with so much reason, been made, that the interests of British merchants have been postponed to those of a people whose policy has long been of a suspicious or hostile character towards this country. It is nothing to say that the treaty of 1796 secured that privilege for the Americans; for the question will be put to the company—Why did they not oppose, with a seriousness and determination equal to that which they now display, this striking invasion of their privileges? In a trade which should have admitted of no increase from private interference, the mercantile adventurers of America have been allowed to participate so largely, that they have had the supply, not only of their own market, as well as that of South America, but have actually competed to good purpose, with the company itself, in the general market of Europe. These facts, which are quite notorious, must supersede all comment on the policy of the company, and must throw considerable suspicion on the prophecies which, in the abolition of a baneful system of exclusion, forebode the ruin of an extensive trade, and the subversion of an empire.

THE following circumstance exhibits a strong proof of the rapacious and uncompromising spirit of the company. The directors having, by a train of mere sophisms, prevailed on government to give a reluctant, and, it is to be hoped, but a temporary, assent to their views with respect to the China trade, no sooner obtain this concession than they make it a ground for fresh demands, and declare, that if the trade to India be thrown open, it will be impossible to keep that of China under any sort of restraint, the private traders not being answerable to the local government of India. In answer to those visionary alarms, it is necessary once more to recur to admitted facts. First of all, then, it is acknowledged that the British residents in India conduct ~~the~~ great coasting trade of the country, which must of course afford ample scope for this species of interloping, were the vigilance of the company's servants, and the restraints of the law, found insufficient—yet we have no complaints on this subject from the directors. But we must again bring this important fact to recollection,—that the Americans have this very liberty which is to be denied to British subjects—the Americans, whose mercantile character is notoriously disreputable, and whose language and manners enable them easily to pass for Englishmen; and yet the directors do not inform us that the China trade has ever, from these causes, been in great danger. But

an opportunity will afterwards occur of returning to the important question, relating to the China trade.

It was maintained by the company in 1793, and the statement has again been repeated in the correspondence with Lord Melville, that the capital of the private merchants will be found inadequate to the proper encouragement of the trade with India, because the native manufacturers are so poor that large advances must be made to them, long before the fruits of their labour can be realized. For this purpose, it is pretended that the capital of the company alone is adapted; and as the argument, in this limited form, obviously constitutes a portion of the great plea formerly maintained by the company, but now, in its more absolute form, apparently abandoned, that the capital of the private trader is not sufficient for the conduct of the trade with India; it were superfluous to say more than merely to refer to the notorious fact of the unexampled accumulation of capital in this most opulent and commercial country. Even this very general answer appears decisive, when opposed by so very flimsy a pretence. But all those who urge this absurd plea forget that the concerns of an extensive commerce naturally give rise to many subdivisions among the employments of capital, and that while, with the benefits of a free trade, the capital of one

class of merchants will be devoted to the purchase in India, and the transmission to Europe of Indian manufactures, that of another class will naturally seek employment in furnishing for the native workmen the means of enabling them to prepare and bring forward their commodities to the market. It were a waste of time, therefore, to expose at greater length this groundless objection.

ANOTHER pretence of a very singular kind was urged by the company in the year 1793, while contending against the claims then made to a free trade. It was alleged that the Hindoos, and indeed the whole people of Asia, were of a very timorous and suspecting character—that they were very unwilling to hold any sort of intercourse with strangers—that a long experience of the company's transactions had, however, inspired universal confidence in their honour and good faith, but that the private merchants would find the difficulties of trading with the whole race quite unsurmountable. It was even maintained (with matchless absurdity, we cannot help thinking) that the progress thus made in the introduction of European manufactures into China, had been the result of the talents and address displayed by the agents and supercargoes of the honourable company, who had dexterously resorted to argument, for the purpose of seducing the Chinese into a taste for these productions, whose value they would never

have been otherwise able to appreciate. Although all this, and a great deal more to the same purpose, was gravely stated in the case prepared for the company; yet we should hardly condescend to notice such puerilities, except from an apprehension that they may once more be revived in the discussion of so weighty a question, on which a more than ordinary share of prejudice and extravagance seems to prevail. To say more on this point, however, than merely to remind the directors, that the people, both of Hindostan and China, are men—that they will measure out their confidence in exact proportion to the experience which they may have of its being merited—and that there is no fear of its being forfeited by the private merchant any more than by the company, while a sense both of honour and interest is concerned in its preservation—were surely to insult the understanding of the reader.

It was long a favourite plea with the company, that there existed a sort of mysterious connection betwixt the trade and revenue of India, which indispensibly prescribed the continuance of the monopoly, to secure the immense advantages which the government and people of Great Britain were to derive from the surplus revenue. It is very true, indeed, that the nature of this secret connection was never very distinctly explained; it was not made apparent, either that the revenue of India

might not have been rendered quite as extensive had the company never existed, as it has become under its administration; nor was any attempt made to prove the impracticability of transmitting this supposed surplus through the medium of the private trade. The advocates of monopoly were repeatedly challenged to explain a little more carefully the import of this mysterious argument, and to specify the grounds on which they formed their opinion, that the same thing which was every day done betwixt the different states of Europe, by means of the private trader—the transmission of large payments in the shape of subsidies, which was deemed much the same thing as the transmission of sums to the same amount in the form of revenue—should become quite impracticable when attempted in the case of Great Britain and India. But they never could be prevailed upon to offer any satisfactory explanation on this point: and this obstinate silence would, of itself, afford sufficient evidence of the fallacy of the argument, even were all further discussion not superseded by the fact, equally certain as it is melancholy, that there is not now, and has not for many years, been any surplus revenue to be remitted.

THE trade betwixt Europe and India was contemplated with much jealousy and apprehension by the advocates of the commercial system, as it was

tailed, whose tenets are not yet entirely abandoned. The constant exportation of bullion in return for commodities, was calculated to alarm those persons who considered the increase of the precious metals as comprehending every thing which it was the object of a wise policy to accumulate, and who pretended to discover in the constant drain of these objects of fond attachment the downfall of the commercial prosperity of the European states. It was to be expected, that the defenders of monopoly, to whom every part of the same commercial system is naturally so dear, would avail themselves of the popular prejudices on this subject, and endeavour to raise an alarm about the ruin which must in this way ensue, from the extension of our commercial intercourse with India. The company has found it profitable, on some occasions, to take advantage of this delusion; and accordingly we find among the arguments which have sometimes been used against a free trade, that this most popular and conclusive one has not been omitted. It is hardly worth while, at the present day, to endeavour to expose so pitiful a prejudice; but we may just observe, that if the argument apply in favour of the company, it strikes with equal force against it. If it would be dangerous to extend the trade to India, for fear of losing all the gold and silver which we can collect, it must be impolitic to continue any trade with it at all, and the company ought instantly and for ever to aban-

don all its commercial undertakings. But the truth is, that the alarm is altogether groundless, as every person must know who enjoys the slightest acquaintance with the very first principles of political economy; for, according to the indisputable maxims of that most valuable science, there is no sense whatever in accumulating more of any commodity than what is required to supply the market, while there is no more certain way of securing an abundant supply, either of the precious metals, or of any other article of commerce, than by giving every possible encouragement to the increase of the demand. It is to be hoped, therefore, that this discreditable prejudice will not be again revived.

It was formerly stated, with great confidence, by the company, and the statement has even now been renewed, although not in terms quite so strong, that the private merchants would be unable to conduct their trade in India without the assistance of a military force at the various factories, which they might find it convenient to establish; because, forsooth, it is impossible to conduct trade of any kind in India, but at the point of the bayonet. The experience which has suggested this piece of reasoning, does not seem very honourable to the commercial character of the company; but we have not the least doubt, that the private merchant will find means of conducting his trade.

without having recourse to these violent extremities. It is essential to the progress of commercial intercourse, that it should for ever remain dependent on the natural wants and the reciprocal convenience of those betwixt whom it is carried on; and if the private trader shall not be able to establish it on this basis, it were much better that all his projects should be abandoned. But, it is obvious, that the same reasoning is applicable to the company, and that if the nations of Asia are really so brutish and obstinate, that nothing but the terrors of military power can induce them to co-operate towards their own comfort and happiness, they well deserve to be abandoned to their fate. There is no reasonable ground for apprehensions, however, of such a result, which can be anticipated on no hypothesis but one, which is too absurd even to gain credit for a moment—the turbulent disposition and incurable stupidity of the whole of the Asiatic nations. But even if the aid of military force were necessary to the attainment of a free trade with Asia, and if the disposition of the private merchant to avail himself of it were quite as strong as that of the company seems to be, there is much room for doubting, whether the most serious obstacles do really present themselves to such a change in the constitution of the military power of India, as would secure to the

private trader all the protection of this kind which is now enjoyed by the company.

It forms no part of the object of the present inquiry to enter at great length into the merits of the discussion betwixt government and the company, on the subject of the proposed transfer of the Indian army from the service of the company to that of government; yet, in reference to the point now under examination, it may not be superfluous to observe, that it appears to be well calculated to secure the objects in view, while it does not seem to give any ground for apprehending from it very serious or alarming consequences. It was originally proposed by government, with the view of removing the jealousy which prevails betwixt the King's and the company's troops, as well as of ensuring an undivided, and, of course, a more perfect responsibility with respect to the military affairs of India. These objects would be best attained by abolishing, as far as possible, all distinction betwixt the different services, and by vesting the nomination of the commander in chief, and, of course, the whole military patronage of India, directly in the crown. The greatest, and assuredly the most invidious of the distinctions now subsisting, arises from the difference of the sources to which the officers of the King's and native troops owe their rank and importance—while there can

be no question, that so long as the company retains the right of nominating, and the crown that of confirming, the appointment to the station of commander in chief, there must be a division of responsibility, extremely unfavourable to the faithful discharge of these high trusts. These reflections seem to be no more than the obvious dictates of common sense, and totally undeserving the reproach of unnecessary refinement and speculation—but it may not be improper to take a brief review of the company's objections to this innovation.

THE directors have said a great deal about the peculiar constitution of the Indian army—the necessity of educating its officers to the service from their infancy, and of ensuring their gradual rise by seniority—and the consequences of this system of discipline on their manners and habits. The great evil, it seems, of which they complain, is the sacrifice of their interests to those of the King's officers, and the partiality into which a commander in chief immediately from Europe is betrayed in favour of the officers of that service, to which he himself has from his earliest years been accustomed. For these evils, it is pretended, that a remedy is not to be found in placing the native troops entirely at the disposal of the commander in chief, but rather in reserving to the civil servants of the company a right of controul over his proceedings.

similar to that which they have hitherto exercised. But the principal source of jealousy and discontent, obviously is that which has been already stated—the difference of the masters towards whom the fears and hopes of the officers and soldiers of the two services are naturally turned. An officer holding the King's commission, must always conceive himself to be honourably distinguished from one who owes his rank to the East India Company—and this is a prejudice which no partial interference, nothing short, indeed, of a total abolition of the distinction, will ever be found sufficient to remove. But even holding the statement of the directors to be accurate as to the source of the discontents, which unquestionably prevail, and imputing them altogether to the natural, and perhaps incorrigible, partialities of an European commander in chief, it is pretty clear that the best way of limiting these abuses would be found in the imposition of the most powerful restraint, and in applying the highest and most respected authority in the shape of controul over such acts of mal-administration. It is needless to inquire whether this description be better answered by the British government, or by the East India Company.

ON the second point—the responsibility as to the military affairs of India, the directors betake themselves to a curious device in the art of reasoning.

They say that the responsibility is, by the present system, not halved, but doubled, just as if this same argument were not strictly applicable to every case in which there exists a division of power into different parts. It is a pretty obvious truth, however, that you cannot, by any effort of ingenuity, contrive to make two persons answerable for the same act, without subtracting not only from the responsibility of each, but lessening in effect the sum total of that responsibility which it is your object to preserve entire. This maxim holds true in all cases—and it is really wonderful how it should not have occurred to the directors, that if a parliamentary inquiry, for example, were instituted in the event of some flagrantly corrupt appointment to the chief command in India, the minister might not readily find some apology for himself, by declaring that he had done no more than concur in the appointment which had been recommended by the directors, on whose judgment he placed great reliance; while the directors, on the other hand, might easily excuse themselves by saying, that if the appointment was a foolish one, it lay with government to interfere by its negative. There is nothing in this surely to require much illustration.

But then, if you take from the company their military patronage, you will render their civil government contemptible, bring their civil officers in-

to disrepute among the soldiers, and their power into discredit among surrounding nations. Most people will be tempted here to ask what proofs the directors have to convince us that soldiers are in general so arrogant and incorrigible a race, that they have no respect for any thing which does not claim some connection with themselves—that under any other government than a military despotism, they have not shewn a due regard for the civil institutions of society? and they will be still more disposed to ask, whether foreign nations would not regard the military power of India with as much deference, if they considered it as emanating immediately from the supreme executive power of the British empire, as they now do, when they view it as the property of the East India Company? Have the King's troops in India been found turbulent and unmanageable, because they disclaim all connection with the company? Have they despised its civil officers, and trampled upon its authority? When the directors tell us, that the transfer of the native army to the crown would make a most alarming addition to its influence, they certainly do not presume that the country is quite so ignorant of the state of their affairs—of the politics of their leaders, and the present constitution of the company itself, as to believe that this influence, if it be a bad thing, is not already pretty well secured—and secured too in a form which affords us no compensation in the sta-

bility of the military power of India for the evils which we are compelled to endure, in the obnoxious influence of the crown. Although it is not probable, therefore, that the private traders will require any powerful military force for the support of their factories; and even if they did, would receive no very liberal or efficient aid from the company; yet, if there be no other obstacle to the establishment of a free trade, we need not despair of seeing it removed, without the risk of any very hazardous innovation.

WE have now arrived at the most important points in the whole range of the present discussion—not that they are indeed very material in themselves, but that they have been magnified into an unnatural and factitious importance, by the misguided zeal and phrenzy of the advocates for what is called the Indian system. It will now be necessary to make a few observations on the political arguments of the company, and to descant on affairs no less weighty than those of revolt, oppression, emigration, colonization, and final separation of the mother-country and her colonies. All these alarming prospects have been industriously presented to our imaginations, and would certainly have appalled for a moment even the stoutest hearted;—had they not become too familiar by constant and unwearied repetition. If there be little novelty in this discussion, the fault must be charged to the

company, who obstinately persevere in the repetition of arguments, in which there is really nothing to perplex even the feeblest understanding, if uninfluenced by prejudice. But as the discussion, which has hitherto taken place, has failed to produce that general and practical conviction, without which no good can be done, it would be wrong to omit presenting the question in every point of view of which it is susceptible.

For the alarming evils of which we have spoken, the company has in store an abundant portion of preventive remedies, even on the supposition that they shall be compelled to throw open the trade under certain limitations. They propose licences for carrying on the trade,—limitations as to the class of commodities in which the private merchant is to deal—duties in India,—restriction to the port of London,—heavy expences on warehousing, of which it seems they must have a monopoly,—regulations as to tonnage,—and, above all, severe and arbitrary restrictions on residence in the colonies, their great specific against the terrible evils with which our Indian empire and trade will be threatened by the admission of the private merchant. Under these trifling restraints, they may, perhaps, agree to have the trade of India partially opened; but the trade to China, the only remaining branch of their commerce which continues to yield a profit, this must by no means be interfered with, because the private

merchants would embroil us with the Chinese, and would themselves be plundered and ruined by the tyranny and caprice of the Chinese government. If indeed the legislature would be pleased to take the sound and wholesome advice offered by the company, it would allow no free trade at all,—none to the company's dominions, lest the private trader should exasperate the natives by his oppressions, and drive them on to rebellion,—none to the states in alliance with the company, lest they should, in like manner, exasperate the people of these states and make them quarrel with the company;—but, above all, none to China, unless it is intended to put a speedy termination to all intercourse with that singular people. That the public revenue may be secured, even, in the event of a free trade, and that business may be “*fairly, innocently, and honourably*” managed, we are told, at all events, that it is quite indispensable to have it confined to the port of London, and to have the goods of the private trader sold at the company's sales by public auction. In short, it is the evident meaning of the company, that if it shall be forced to yield a seeming obedience to the universal sentiments of the nation, the concession should, as in 1793, be rendered quite elusory and unavailing, by the imposition of more numerous fetters and restrictions than the free spirit of a British merchant, or the emoluments even of a lucrative trade, will be able to

endure. It is the duty of every man to aim at preventing the success of an artifice which is evidently in preparation to be once more played off on the credulity of the nation.

1. WILL it be believed, then, that when the directors talk of oppressions, insurrections, and rebellions, they allude to the consequences likely to result from the innocent and peaceful pursuits of commerce, when followed under the auspices of British merchants? It were more rational to suppose, that when they indulge in their elaborate and declamatory anticipations of fraud and violence, they speak of quite a different race of men—that they are describing the progress of a band of wandering Arabs, or the march of a body of organized robbers. Where can they have learned thus to estimate their countrymen, not acting in the character of needy and desperate adventurers, be it remembered, without the restraints of law, or the dictates of morality to direct them, but in the capacity of liberal and enlightened traders, having sense to know their true interests, and probity enough to pursue them without injury to others? In this intercourse with the nations of Asia, the private merchant will act under the sanction of the British government; and he can at any time be made responsible to it, even in India, if that is deemed requisite to ensure the peace and security

of our oriental possessions. It seems to be taken for granted by all those who reason at all, with the exception of such persons alone as affect to reason in favour of monopolies, that you can have no better pledge for the good behaviour of any class of men, than the certainty that it is their manifest interest to behave well, and that their transgressions will be visited with adequate punishment. Now it is unquestionably the interest of all traders to be circumspect in their deportment towards their customers. It must be the interest, therefore, of British merchants and their agents, should a free trade be opened, to behave well towards their customers in Asia—and it is in the power of the local government, if that government be good for any thing at all, to chastise any act of oppression towards the nations, with whom a free trade is to be permitted. Even should a sense of interest, the most powerful of all motives, prove unavailing, a sense of comparative weakness must in the present instance supply its place; for the private trader, unlike the company, cannot expect to have his aggression supported by a large military force, placed entirely at his own disposal. But if the company's argument were good for any thing, it would obviously comprehend all the branches of foreign trade; and we should have American, Russian, and Swedish companies to conduct the trade carried on with those nations, for fear of offence being given by the rudeness or ra-

capacity of the private merchant. It must be superfluous to waste time on such an argument as this, which it is not probable that the directors have ever been serious in maintaining.

2. WE come now to the question of colonization, about which we have lately heard so much—the ground, indeed, on which the directors will be disposed ultimately to make their stand against the claim of the private merchants. From colonization is anticipated the introduction of the European spirit, the discussion of popular rights, and, finally, the subversion of the local government. All the weaker passions have been set in motion, all the most absurd prejudices have been alarmed on this branch of the subject, and we should be sorry to believe that such arts have been practised with effect;—for if the good sense and understanding of the country shall sink before these foolish prejudices, they will have yielded to the most unreasonable and groundless apprehensions by which, perhaps, they were ever assailed. A very few words will be sufficient to express all that need be said on this subject.

THE reader will readily dispense with any remarks on that branch of the question which relates to the mischiefs of emigration from the parent state, since no truth is now more generally acknowledged.

ed among the thinking part of mankind, than that emigrations never do take place, except when there is a redundancy of population at home, and when it becomes of course equally expedient for the public as for individuals, that it should be easily discharged. It may be assumed, then, as unquestionable, that when our countrymen shall emigrate to India, they will do so only to be more comfortable than they were in the parent state; and that, in such a case, it would be the height of cruelty, as well as of impolicy, forcibly to detain them, or even to omit any chance of providing for them a safe asylum. But if there be any country in the world to which there is but little chance of a considerable emigration from Great Britain, that country is India; and every person of common understanding must be inevitably led to this conclusion by a variety of most obvious considerations. First of all, India contains a population which may fairly be considered as having, for a period beyond which we have no record, been absolutely redundant, and, of course, must for ever continue to afford the most slender temptations to emigrants of all classes. What could induce the laborious population of England to select India as a place of exile, where there is no room either for their skill or industry? 2dly, The natural and necessary consequence of an overflowing population is quite perceptible in the very insignificant value which labour bears in that country, compared with

the price which it will bring in the market of Europe; and this circumstance must for ever remain a complete bar to the emigration of the lower orders—that is, to an emigration of any importance.

3dly, The climate, language, laws, religion, and manners of the Hindoos, are as completely unlike those of the people of this country as it is possible to conceive; and this again must add prodigious strength to the barrier by which the inhabitants of the two countries must forever remain separated.

4thly, The immense distance of India from England, and the consequent expence of emigration, would effectually prevent the lower orders from emigrating to India, even if no other obstacle opposed itself to such a project.

5thly, Without large and constant emigrations of the lower orders, on whose co-operation their more active and turbulent leaders must ever depend for the success of their projects, it is extremely improbable that there should be numerous emigrations even of the latter class, whose removal to India is the object of general dread.

6thly, But, even on the supposition that all the preceding view are erroneous, and that emigration were gradually and slowly to take place, an indefinite period must elapse before the European settlers would bear an assignable proportion to the natives, over whom, it seems to be assumed, that they are speedily to exercise a degree of influence, which, in spite of all the respect naturally paid to government,

and in defiance of all the power which that government can employ for repressing it, is with rapid progress to drive the natives into a state of insubordination and rebellion. There is really no end to apprehensions so extremely chimerical and timid as this of colonization; nor is there any plan of policy and government, however specious or wise, which might not to be defeated, were we to listen to such idle fancies as those which we are now examining.

3. But even if colonization were to ensue, as it certainly will not, with all the rapidity which the directors affect to anticipate, does it follow, that the consequence of such an event would be disaffection and revolt from the parent state? What circumstance could so readily promote a cordial union betwixt the emigrants and the natives, who differ so materially in all points, as to prompt them all at once to go hand in hand for the purpose of dissevering the colonies from the mother-country? Is it not far more probable, that the emigrants, forming but a most insignificant addition to the immense population of the peninsula—not readily assimilating in language and manners with the natives, but continuing to exhibit all the peculiarities of a distinct race, would naturally cling to the power of the mother-country, as their only source of security and protection?

WITH this conviction, therefore, strongly impressed upon our minds, we should be inclined rather to encourage than to impede colonization ; because, if there be any justice in the commercial arguments of the company, this is the only way in which we can expect to extend the consumption of British manufactures in India, and, even if these reasonings should be discredited, emigration affords, at all events, a more certain prospect that this object will be speedily attained. But mark the inconsistency of the numerous statements made by the directors. In their report of 1793, they thought fit to alarm us by an exaggerated picture of the mischiefs of emigration : they told us, that India would speedily drain England of its population ; and they stated expressly, “ that the energy of the European character becomes impaired in the first generation, “ and is soon totally extinct.” Yet it is among these enfeebled, degraded, and nerveless Europeans, that they dread the origin of projects which are to issue in the dismemberment of the British empire ! Nay, more than this, it is from these very persons, who are now expected to form so close an union with the natives, as would be necessary to the accomplishment of so vast a plan, that they at all times affect to anticipate so much oppression and rapacity toward these very natives as must even hurry them into insurrection and revolt ! There is no way of accounting for these flat con-

traditions, except on the supposition that all is error and fallacy which has been urged on this branch of the subject.

THE question has often been put to the company, if you are so much alarmed about the future independence of British India, and can discover so many tremendous evils in colonization, how comes it that you feel quite easy as to the establishments which you yourselves have formed, and which are infinitely more numerous and powerful than any that would be requisite to conduct the same trade under the auspices of the private merchant? The only persons who, under a system of free trade, would emigrate to India, are precisely of the same class, and would be sent for the same purposes with the servants whom the company now maintains in India to conduct its commercial affairs; and it is quite indisputable, that, under the system of economy, which the private merchant would substitute for the waste and extravagance of the company, a much smaller number of persons would be required for all the purposes of the trade. We have colonization, therefore, already in a greater extent than we should probably have it in future; and yet the consequences which, by the reasoning of the company, should have inevitably followed, have never even been apprehended. Let us have an end, therefore, to these idle fears about colo-

nization, since their absurdity is not only established by reason, but confirmed by the highest authority. It is a well known fact, that both Lord Cornwallis and the Marquis Wellesley, indisputably the greatest men who have ever been at the head of the company's affairs, have, with their characteristic and acknowledged sagacity, concurred in discrediting these idle and unreasonable apprehensions.

If it were necessary, indeed, to say one word more on the subject, we might, for the last time, remind those who reason thus, that the Americans, who are not deficient surely in popular spirit—who might find something in India to tempt the ambition even of an agricultural republican,—who boast of numbering in their census every species of European outcast licentiousness and sedition,—that these same Americans have free access to our Indian territories. We rejoice that the circumstance of the admission of Americans to a participation in the trade of India—by far the most obnoxious feature in our system of Indian policy—should afford so many strong arguments to prove the safety of conceding these claims which seem now to be made by the unanimous voice of British merchants.

THE company demand that the trade of India should be confined to the port of London ; and it

is painful to observe, by the hints of the directors, and the answers of Lord Melville, which have been published, that they seem to have, in the meantime, prevailed upon government to acknowledge the expediency of this arrangement. On what principles it is to be defended, it is difficult to discover—for we cannot well conceive any regulation which, in its consequences, is likely to prove more embarrassing, if not utterly destructive, to the progress of the free trade, than this same monopoly in favour of the port of London, and the relative provisions about the manner in which the imports made by the private merchant are to be put under the management of the company, and disposed of at their public sales. What good purpose is to be attained by all these restrictions, so revolting to the free spirit of commerce, unless they are expressly intended to promote the views of the company, by enabling it to exercise a most dangerous controul over the speculations of the private trader, and thus indirectly to frustrate every object of a free trade? The merchants of Liverpool, Glasgow, Bristol, &c. &c. are now making the most vigorous stand in defence of their rights;—but what end will they attain by all their laudable exertions, if they are to be thus deterred from embarking in the Indian trade, after it is nominally thrown open—by the intolerable and revolting condition, of committing to the East India Company, the determined ene-

mies to their claims, the sole management of their affairs, and of confining to the port of London, a port with which they have no immediate connection, the privilege of receiving their imports? What tremendous influence will not this regulation give the company over their speculations—an influence to which it can never be expected that they will with patience submit? As to the manifest hardship of first compelling the private trader to come with his Indian cargo to the port of London, and then to submit to its being disposed of without his consent or permission, it is needless to say any thing—but the positive loss which must be sustained by keeping the goods in London, till it may suit the convenience of the company to make a public sale, as well as the still greater loss of first unshipping them in a place where they are not to be consumed, and then, after a long interval, perhaps reshipping them, and sending them round to the place which ought to have been the original market—all this is really too much, and cannot have been acceded to by government but in consequence of some very gross misrepresentations. Nor is it difficult to guess the topic which would be selected for this purpose—the revenue, the security of that immense revenue which the company boasts of paying to government, must have been the inducement held out to procure an acquiescence in this strange and most unreasonable proposal. What is there

about the port of London which fits it so well for giving this boasted security to the revenue—is it not notorious, that there the revenue is more negligently, and more expensively collected, than at any other port in the empire;—nay, is it not well known, that a most extensive system of smuggling is carried on in the river Thames, even in the ships of the company itself? If the danger of frauds in the revenue be a sufficient reason for confining the trade of India to the port of London, why is that not a good reason for imposing similar limitations on all other foreign trade? But Mr. Randle Jackson is pleased to inform us, that the company's public sales ensure a more fair, innocent, and honourable mode of conducting the trade, just as if the revenue laws of this country were so miserably inefficient, that to give them additional force, it were necessary to commit so violent an encroachment as this on the privileges of the provincial ports, or as if the perfect freedom of the trade did not afford the best security for the honour and probity with which it is conducted. Why this singular departure from all principle—this wanton invasion of the rights of the private trader? Feeling entire confidence in the justice and sound policy of the legislature, and in the laudable zeal and perseverance of the merchants, for the removal of this useless and pernicious restraint, together with all its accompanying provisions; we would just make one

further remark on this point, that if the monopoly of the port of London, together with the restrictions on residence in India, be continued, according to the desire of the company, the country may bid farewell to all the advantages so eagerly anticipated from the opening of this trade.

5. THE entire freedom of private trade to China will form a leading topic in the course of the ensuing discussion in Parliament, and it is to be hoped that the merchants will, on no consideration, be induced to abandon this point, as it is, perhaps, the most material of the privileges for which they are contending. And yet it is precisely that branch of the subject on which it would be extremely idle to say a great deal, when we reflect on the specimen which the directors have given us of the considerations which have induced them to resist (and with temporary success it would appear) the proposed change. Their argument, if indeed that can be called argument, which consists merely of a series of assertions, equally destitute of probability as they are unsupported by evidence, is twofold. The old story is, first of all, repeated, about the probable imprudence of the private trader, who is, of course, to exasperate the Chinese, a singular and irritable race of men, so as to ensure an immediate exclusion from their ports. We cannot really submit to the fatigue of repeating the various arguments which have been al-

ready submitted in refutation of this most gratuitous and unfounded insinuation—and shall merely add, that even if all that the directors state were quite probable and consistent, and if we were actually to be excluded from the ports of China, we should not be deprived of an intercourse with that country, so long as we have numerous stations, whither the Chinese would most willingly repair to carry on their trade with us. But we would put it to the directors, whether the Americans have so insulted and exasperated the Chinese as to forfeit the benefits of the China trade—nay we would ask them, whether it be not a fact well known to themselves, that the private traders of America carry on their trade to China to such purpose, that they are enabled to sell their teas at Boston and New York for less than one half of the prices charged by the company to the people of England? But it seems that the caprice and tyranny of the Chinese government would ruin the private trader by seizures and confiscations: But where is the proof of all this—where the evidence of any such confiscations—where the reason to believe that these predictions are not the mere reveries of the directors themselves? Has Chinese tyranny ruined the American merchants, or driven them from the ports of China? and can it be pretended that the opulence of the British merchant will fail in an enterprise which is successfully conducted by the comparative poverty of

an American ? This sort of reasoning will not do, and it may be safely affirmed, that there is yet a more substantial reason for the zeal of the directors about the monopoly of the China trade than any of those which they have openly assigned.— *The China trade, it is well known, is now the only remaining branch of the company's trade which still yields them a profit* ; and this circumstance may, perhaps, explain the motives to which we are indebted for so much zeal and so little argument. On this branch of the subject, the pretensions of the company are, if that be possible, still more absurd and preposterous than on any of the other points in dispute ; and trusting to this impression, which must inevitably be made on the mind of every man who peruses the correspondence with impartiality, we willingly leave it, without fear or apprehension of the result, to the consideration of the public.

BEFORE closing this discussion it may be remarked in general, that if the merchants are not to be allowed such a right of residence in India, and assured of such protection from arbitrary impositions on their property as may be necessary to enable them to conduct their business, it is vain to think of doing them any essential service by opening up the trade. That there can be no danger in conceding these points to them, has been already established ; and let the legislature beware what

powers over their persons and property it entrusts, upon specious pretexts, to the East India Company. That company stands forth as the declared enemy of free trade; and it is quite impossible to anticipate the numberless and vexatious encroachments which it may make, under the semblance of law, for rendering the freedom of trade worse than nugatory, even after it has been conceded. As a specimen of their secret hostility, even after they have appeared to yield, consider the provision which they wish to have established, for prohibiting, in the navigation of the Indian seas, the employment of vessels of a less burden than 400 tons. Do they not know, that much smaller vessels are already employed by foreigners in this very navigation; or are they not aware, that the public must at once discover the true motive of this unreasonable interference with the concerns of others, which can serve no other purpose except to encrease the difficulties of the private trader, and, of course, to render his competition less formidable to the company. They contend, also, that they should be allowed to retain the monopoly of the silk trade, for this notable reason—lest the quality of silk should be deteriorated, as if a free competition in the market would not secure this object better than a thousand restrictions and monopolies. They are desirous also of retaining the monopoly of the trade in piece goods; but this they propose for the most patriotic reason in the

world. They are afraid that the private traders would import those articles in such quantities as to interfere with our domestic manufactures; as if it were not always a source of national gain to purchase commodities of all sorts in the market where they can be supplied at the cheapest rate, and to turn the capital employed in bringing them forward into another and more profitable channel. But these are subordinate points, at which it is necessary but to cast a single glance, in order to discover the narrow and illiberal views by which this, as well as all other monopolies, is supported. Such prejudices, as well as the restrictions of all kinds which naturally grow out of them, it will be necessary for the merchants entirely to overcome, and to persevere in their efforts to establish the private trade on a basis altogether beyond the reach of capricious and unnecessary restraint. That this great object may be fully accomplished, without any sort of hazard or inconvenience, has been already established beyond contradiction.

4th, It is not impossible, however, that the company may decline accepting a renewal of their charter on the conditions which have been proposed; and, in that event, the attention of the legislature may be directed to the arrangements which will become necessary, when the government of India shall be placed under the immediate controul of the crown.

The questions which belong to this branch of the discussion are various and important, but the length to which the preceding observations have extended, imposes the necessity of compressing what remains within very narrow limits.

IN the *first* place, then, it may be remarked, that the entire abolition of the company's privileges, and the assumption of the government of India by the crown, would by no means imply so very momentous a revolution as some persons seem to have imagined. In several most important points, the government of India is already under the influence of the crown. The board of controul, which is appointed by the executive, regulates in all the most important departments of Indian policy—sends out instructions to the local government, and is even entitled to carry into execution, such instructions, although at variance with the sentiments of the directors. By the law of 1784, besides, power is given to the King of removing such servants of the company as have incurred his disapprobation, and of imposing a negative on the appointments made by the court of directors to some of the highest offices in the government of India. The influence of the crown over the court of directors has of course become nearly absolute; and the government of India has thus long ago merged almost entirely into the general government of the state.—

When to these circumstances is added the precarious tenure by which the company enjoys all its privileges—the general dissatisfaction with which they are viewed by the country—and the consequent dependence of the directors and their constituents for their very existence as a corporate body on the influence of the crown, exerted for them in the houses of Parliament, no person can be at any loss to determine the degree of independence which the company enjoys, nor to account for the remarkable coincidence of views and opinions betwixt the directors and administration. These reflections must be distinctly understood, however,—it would be very foolish to censure this coincidence, and still more absurd to indulge any wish to see the company independent of the crown—for nothing would be more preposterous, than that any portion of the empire should be under a government distinct and independent of the general administration. This would be a most singular arrangement indeed: to have the most extensive of all the provinces of the British empire under a different government from the empire itself—to have it under the government, perhaps, of the leaders of opposition—to have its defence provided for out of different sources, and upon different principles from those pursued by the administration of the mother-country. There is something so very whimsical in such a system, that it could never have lasted for a year; and the en-

the dependence of the government of India upon the crown must therefore be considered as an arrangement not only natural but inevitable. At the same time, the unquestionable fact, that such dependence does exist, and that the administration of India already belongs in substance to the crown, must diminish very much our apprehensions about the result of any change by which such an arrangement would be more directly accomplished. The present system, while it inflicts on the nation all the mischiefs of monopoly, can scarcely be said to subtract any thing of importance from the dreaded influence of the crown.

THERE is nothing in the character and condition of the subjects of the British government in India, which can require the application of rules, for the administration of their affairs, materially different from those which are suitable to all nations in a state of imperfect civilization. That the knowledge, habits, and disposition of the people of India are such as to disqualify them for taking an active share in the affairs of their own government, seems to be admitted on all hands; while it is no less certain, that the comparatively hopeless and dependent condition of this people, so far from authorising a departure in their case from the maxims of a just and benevolent administration, seem rather to prescribe a more uniform and vigorous application of these

principles, in all instances where the comfort and happiness of the governed may interfere with the gain and ambition of their more civilized superiors. The object of any system of government for a country like British India, must, of course, be confined to the security of the provinces against violence from without, and injustice within; in other words, to the maintenance of a powerful military establishment, and the due execution of a liberal and enlightened code of laws. The admission of the people to the enjoyment, under any form, of the popular rights which are unknown even in Europe, except to one nation, is altogether out of the question, equally incompatible with the character of the governed, and the nature of the authority which it must be the policy of England for ever to retain over these remote regions. It must be the business of the legislature to extend and confirm to the people of India the blessings of security and justice, which have by a wise policy been already introduced among them, under the superintendence of the British government. There is no reason to believe that these objects can be better attained by the prolongation of the company's charter; for what can there possibly be in the character and manners of the natives of India, that they should refuse the means of comfort and prosperity, unless they are tendered to them under the auspices of an association of monopolists?

Should the company then refuse to accept of a charter embracing no commercial advantages except that to which they are by law entitled—the liberty of continuing their trade and corporate capacity, but without exclusive privileges, we cannot discover that any very violent revolution will be required in transferring to the British government what it already in substance possesses—the dominion of British India.

It has been said, indeed, that as our Indian empire has hitherto proved a source of uniform expence to the parent state, so there is but little chance of any amendment in this respect when the government shall become a part of the general administration of Great Britain, which, whatever other virtues it may boast, has certainly no very high pretensions on the score of economy. The local government of India may thus become a heavy charge on the resources of the mother-country; and it were better at once to renounce all connection with the colonies, than to go on in the regular disappointment of our sanguine hopes, and the perpetual diminution of our already exhausted resources.

THERE is little fear that this piece of sage advice will be hastily adopted; and it might be enough, perhaps, merely to allude to it as one of those pitiful extravagancies into which men are easily be-

prayed by a love of paradox and an affectation of ingenuity. The reader will not think this undue severity, when he is reminded that the same persons who have hazarded their speculations on the difficulties of providing a suitable government for British India, have gravely proposed, as the best expedient which has suggested itself to their ingenuity, the establishment of an *independent* despotism in Hindostan under some of the branches of the royal family.* This plan would no doubt secure for India what its authors so much desire, a *local* government with local interests: it would break asunder, to be sure, the relations now subsisting betwixt the parent state and her colonies, and prepare the way for the substitution of new relations betwixt India and other countries, in place of those which are to be dissolved. There is but one trifling objection to this magnificent scheme—that it affords to the people of Great Britain the cheering prospect of seeing, in the course of a few years, the new government of their colonies in league with their enemies, and playing the game of France with not less zeal and dexterity, in so far as a difference of situation and circumstances will permit, than the independent government of the United States of America! To the advocates of the East India Company, again, if they should venture to state the extravagance and profusion of the British government as an objection to the proposed changes, it is suffi-

* Edinburgh Review.

cient to answer, by a reference to the authentic history of India under the government of the company itself—a reference from which, to them at least, there remains no appeal.

It now appears, indeed, to be unquestionable that the revenues of India have hitherto proved insufficient to defray the expenditure of the local government; but there is no reason for thinking the inference deduced from this circumstance a legitimate one—that there must constantly, in future, be a similar defalcation. The causes to which the past deficiencies may be ascribed are various—the extraordinary expenditure of the company's government in the wars which have been undertaken for the security of its territorial possessions, and which have terminated in a complete triumph over all the enemies of the British name and interests in Asia—and the inefficiency of the existing checks on Indian expenditure, an evil which we owe, in part at least, to the restraints imposed on the legislature by the company's chartered rights. The success, equally brilliant and decisive, which attended the administration of the Marquis Wellesley, affords the most reasonable hope that, in future, the first of these sources of expence will be gradually diminished, while habits of submission to their European rulers, and the experience of the superior justice and energy of their administration,

may be expected to diffuse among the people of British India a spirit the most favourable to the stability of our Indian empire. So long as there exists a connection (which indeed it is impossible to destroy) betwixt the general expenditure of India and the emoluments of those who are employed in the administration of affairs, no means of materially abridging that expenditure will be found, except in the superior vigilance and attention of the legislature to the affairs of India, and in a more certain and efficient system for the punishment of delinquency and malversation. But these objects must be far better secured, were a general interest excited in the destiny and affairs of India—were the means of information rendered more extensive, by the admission to our territorial possessions of men of different views and various interests—in short, were every source of interest and information on these subjects not entirely swallowed up in the powers and privileges of the company.

A POWERFUL military force will, for a long while, be required in India, from the nature and origin of the authority which Great Britain maintains over the conquered provinces. That government, which is supported by the influence of a few strangers against the natural prejudices, and not seldom, there is ground to fear, against the true interests of a countless population, cannot be very secure

without the aid of a powerful military establishment—while it must be owned, that in proportion as the affairs of administration become extensive and complicated, do the chances increase that the expenditure will equal, or even exceed, all the revenue which can be collected without the most grievous oppressions. This is undoubtedly the inference deducible from the history of almost all the governments with which we are acquainted, and might reasonably be considered as applicable to the government of India, were it not for one or two circumstances, which we shall notice with all possible brevity.

It deserves, first of all, to be remarked, that to the government of India, which is provincial and dependent, the inferences deduced from the history of independent governments can never have a strict application. An independent government has seldom any strong motive of interest, and can never be compelled by any superior power to practise the virtue of economy. It is not wonderful, therefore, that we should have few examples, where, in such situations, the expenditure has been contracted within the limits of the ordinary revenue of the state. The local government of India has not indeed much interest in being economical—but should the administration of the parent state ever come to look to the provinces as a source for sup-

plying the defalcations of the public revenue, it would have both the disposition, and the power to narrow the expenditure of the provincial government within the bounds of a just and rational economy. When the territorial revenue of India shall become the property of the state, it may not be unreasonable to anticipate a salutary change in the financial system of the provincial government.

THE proportion betwixt the revenue and expenditure of a country is necessarily dependent on the amount of population—the progress of wealth—the extension of manufactures and industry—and the comparative security against external violence and internal commotion, which the nature of the government, and the general condition of the surrounding states, permit it to enjoy. In all these points of view, the present condition of British India may be deemed a great deal more favourable than that of any European state, and the gradual increase of the revenue, in a proportion much exceeding the expenditure, may therefore be reasonably anticipated. The prodigious amount of the population—the mild and peaceful character of the people—the security from external attack which an energetic and prosperous administration of affairs has given to the British dominions in India, with the prospect of an unexampled increase of industry

and commerce in the event of a free trade—all these circumstances, taken in connection with the improved policy as to Indian finance, which may reasonably be anticipated under the auspices of the British government, seem to indicate, that the hopes so long indulged of a surplus revenue from India, applicable to the necessities of the parent state, may yet, at no distant period, be partially realized. While there seems to be no reason, therefore, to apprehend any mischief, in a political point of view, from the assumption of the government of India by the crown, should the company refuse a renewal of its charter under the conditions necessary to a free trade, the most important benefits to the commercial interests of the nation will be secured by the abolition of the monopoly.

THE propositions stated in the commencement of this inquiry appear to be now established. The monopoly of the East India Company has been shewn to be at variance with every principle of sound sense, and every maxim of wise policy—while the whole of its history has been proved the most convincing and satisfactory comment on the truth and justice of every thing which has been urged against it by speculative men—its transactions having been equally inconsistent with the lawful interests of the proprietors, and the general prosperity of the nation. It has been proved, that

the opening up a free trade, on the conditions demanded by the private merchants, would not only be quite harmless, but eminently conducive to the prosperity both of Great Britain and India, while there can be no room for regret, even should the company refuse, on such terms, to continue in possession of the other privileges secured by their charter. We take leave of the subject with many apologies for the length to which the discussion has been unexpectedly carried, and with expressing a sincere and unfeigned conviction, that if, at any period it would be the duty of the legislature to remove the impolitic and unprofitable restrictions, of which there is, at this moment, so great and so universal a complaint, the present season of unexampled commercial difficulty seems loudly to demand this liberal and enlightened interference.

THE END.

CORRESPONDENCE
AND
PROCEEDINGS
IN
THE NEGOCIATION
FOR
A RENEWAL
OF
THE EAST-INDIA COMPANY'S
CHARTER.

LONDON :

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1812.

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CORRESPONDENCE

AND

PROCEEDINGS, &c.

*the Rt. Hon. ROBERT DUNDAS to the
CHAIRMAN and DEPUTY CHAIRMAN.*

Gentlemen, *Melville Castle, 30th September, 1808.*

The propriety and expediency of applying to Parliament for a renewal of the privileges of exclusive trade enjoyed by the East-India Company, with such modifications as may be deemed necessary, and for the continuance of the system of government in the British Territories in India on its present basis, but with such amendments, also, as the experience of its effects may appear to demand, having lately been the subject of frequent consideration and discussion, you will probably concur with me in opinion, that it is advisable now to ascertain, whether the Court of Directors are desirous of agitating the question at present, and of submitting it, in all its details, to the early consideration of Parliament.

I have the honor to be, Gentlemen,

Your most obedient and humble servant,

(Signed) ROBERT DUNDAS.

To the Chairman and Deputy Chairman
of the East-India Company.

**LETTER to the Rt. Hⁿ. ROBERT DUNDAS, from
the CHAIRMAN and DEPUTY CHAIRMAN.**

(Secret.)

Sir, *East-India House, 12th October, 1808.*

We now propose to do ourselves the honour of replying to your letter of the 30th of last month.

From the communications we have at different times had with the Members of the Court of Directors, we are well assured it is the general sense of that body, that it will be for the interest of the Public and the Company, that the Charter should be early renewed. Convinced that this is their opinion, and apprehensive lest inconvenience might be produced, by setting this important subject afloat before it was in some degree matured, we have not thought it necessary formally to resort to the Court for a declaration of their judgment upon the question you are pleased to propose to us; but we have, in order to obtain what we conceive to be, with the knowledge we before possessed, sufficient warrant to us to give an answer to your preliminary enquiry, laid your letter before a Secret Committee of Correspondence: and we are authorized to state it to be their opinion, as it is our own, not only that the interests of the Public, as well as of the Company, will be best consulted, by continuing the present system of Indian administration, but that it is material the Charter should be speedily renewed.

With respect to any modifications which you or His Majesty's Government may have it in contemplation to propose, we shall be happy to be made acquainted with them, and to bring them under the most serious consideration of this House. We can at present only state, that we trust there will be no disposition to introduce any change, that would alter or weaken the main principles and substance of the present system, which, in the opinion of the Company, is essential to the due management and preservation of British India; and that, with respect to minor points, as far as they may be really compatible with those essential objects, the Court will not be induced by any partial views to withhold from them the fair consideration due to them.

Glad

AND PROCEEDINGS.

Glad that you have seen it proper to bring forward this weighty subject, and desirous to be favored with your further communications upon it, as soon as may suit your convenience,

We have the honor to be, Sir,

Your most obedient humble servants,

(Signed)

EDWARD PARRY,

CHARLES GRANT.

The Rt. Hon. Robert Dundas,
&c. &c. &c.

LETTER from the CHAIRMAN and DEPUTY CHAIRMAN to the Right Honorable ROBERT DUNDAS.

Sir, *East-India House, 16th December, 1808.*

In consequence of a conference which we lately had the honor to hold with you, we have laid before the Court of Directors the letter which you were pleased to write to us, under date the 30th September last, on the subject of renewing the Company's Charter, together with the answer which we returned to that letter, on the 12th October following; and we are now instructed by the Court to state to you, that they approve of that answer, and are ready to enter with you, through the medium of their Committee of Correspondence, into a consideration of the various objects to which it may be proper to attend, in bringing forward so important a measure.

At the present moment it would, in the opinion of the Court, be premature in them, to proceed to any detailed specification of those objects, to which it may be proper, on the part of the Company, to attend, or to anticipate any discussions which it may be the wish of His Majesty's Ministers to propose; but the Court beg leave to offer some suggestions of a general nature, as the principal foundations on which a new agreement between the Public and the East-India Company may be placed.

1st. The system by which the Legislature has continued to the Company the government of the territories acquired by it in the East, with a regulated monopoly of the trade, has been held by the most eminent persons

conversant with that quarter and its affairs, to be the most expedient, both for the foreign and domestic interests of this country. Under it, those territories have been improved, and the security and happiness of the vast population they contain have been signally increased. It is also a system which establishes salutary checks for the exercise of the authority lodged in this country over the Indian administration, and for all the local details of that administration, in its political, judicial, financial, and commercial departments; and provides with singular felicity for a succession of a body of able and honorable European servants, who yield in general character and utility to no class of public functionaries under the Empire. In like manner, the constitution of the Indian army has proved itself calculated to produce a body of officers of high military spirit, and of very distinguished skill and conduct. The Court, therefore, trust that no material change in this system;—no change which would affect its principles or impair its efficiency, will be proposed.

2d. In this case, it will be unnecessary to enter into any discussion of the right of the Company to the territorial possessions; a right which they hold to be clear, and must always maintain, as flowing from their acquisition of those territories, under due authority, and after long hazards and vicissitudes, and great expense.

3d. The situation of the Company is, at this time, very different from what it was at the last renewal of the Charter, in 1793. European war, with hardly any intermission, through the whole of the period that has since elapsed, has exceedingly increased the expenses, and reduced the profits of the Company at home; and has likewise enlarged the scale of expenses abroad; where, moreover, wars with the Native Powers have been repeatedly carried on, to the vast accumulation of the Indian debt, now advanced from eight millions sterling, at which it stood in 1793, to about thirty-two millions. Without meaning at all to advert, in this place, to the question concerning the policy of some of those wars with the Princes of India; it is safe and proper to affirm, that they were not, in any degree, directed by the Executive Body of the Company, but proceeded from causes which that body could not control. As, in consequence of all the events which have happened since the year 1793, the be-

profits intended to the Proprietors of East-India Stock, by the Charter then passed, have not been realized ; so the Court trust, that in the formation of a new Charter, due care will be taken to secure their proper share of advantage in any future amelioration of the Company's affairs, and especially that no measure will be adopted, which can have the effect of reducing the value of their capital stock. The dividend on that stock, which is only equivalent to the legal interest of money, is all that the Proprietors have ever received from the united sources of Indian revenue and Indian commerce, whilst the country has been enriched by the long continued influx of private wealth, and raised in the scale of nations by the political importance of the Indian empire.

4th. The liquidation of the Indian debt is, on all hands, agreed to be a measure of indispensable necessity. From the magnitude to which the debt has now risen, and the circumstances of the present unexampled time, the aid of the Public will probably be necessary to the attainment of this most desirable object. For the aid that may thus be afforded, the Court conceive that sufficient means of reimbursement from the Indian territory and revenue may be found ; and the arrangement of a plan, for these purposes, might, as the Court conceive, form a very material part of the provisions of the new Charter.

5th. To apportion duly between the Public and the Company the military expenses of the Indian empire, is another measure now become unavoidable. For wars growing out of the Indian system, or out of sources purely Indian, the revenues and other means of the Company were long made to suffice, including even the charges of occasional attacks upon the Indian settlements of European nations ; but the influence of European war has, in the present protracted period of hostility, extended itself more and more to India, occasioning the expense of various distant expeditions, and the increase of the military establishment, particularly in the European troops of his Majesty, which from being twenty years ago only a very few regiments now amount to above twenty thousand men, and those of the most expensive description of troops composing the military force of British India : nor is it at all improbable, that from the avowed design of France to invade our Indian possessions with great armies by land, it may be necessary still largely to augment our European

pean force in that quarter. For a war of this description the Indian revenues, if unincumbered with debt, would be very inadequate. It would be an European war for European objects; a struggle between Great-Britain and France, on the soil of India, for the maintenance and support of their power in Europe. For such an object, to which the national funds only are commensurate, the national funds undoubtedly ought to provide; and as we know that, in this, we state only what your own mind has already perceived and approved, we the more confidently hope, that in a new Charter proper attention will be paid to the due regulation of so important a concern.

6th. As the early renewal of the Charter will serve to strengthen the hands of the Company in the transaction of their affairs, and improve their credit, so its renewal, for the like period as the present one run, and from the time of its expiration, would conduce to the same ends; and the Court are not aware of any objection to the proposition of this term.

We have the honor to be, Sir,

Your most obedient humble servants,

(Signed)

The Rt. Hon. Robert Dundas,
&c. &c. &c.

EDWARD PARRY,
CHARLES GRANT.

LETTER from the *Right Honorable* ROBERT DUNDAS,
dated the 28th December 1808, to the CHAIRMAN
and DEPUTY.

Gentlemen, *Downing Street, 28th December 1808.*

In submitting to your consideration such observations as have occurred to me on your letter of the 16th instant, it is necessary that you should understand them to be merely preliminary, in contemplation of future discussions, and by no means as the result of any plan or projected system, matured in concert with His Majesty's confidential Servants. It will depend on the judgment which the Court of Directors may form on the propriety or necessity of adhering to the present system of their Indian trade and administration in all its parts, whether I shall be enabled to hold out to them any expectation, that their application to Parliament for a renewal of the Company's

Company's Charter will meet with the concurrence of Government.

I shall follow the order adopted in your letter, in respect to the subjects which you have particularly mentioned, and shall offer some additional remarks on any other important branches of the present system, in which alterations may probably be deemed indispensably necessary.

1st. Concurring in substance with the proposition contained in the first article, I shall not enlarge upon its details. I have not yet heard or read any arguments against the continuance of the system under which the British Possessions in India are governed, of sufficient weight to counterbalance the practical benefits which have been derived from it, in their increased and increasing prosperity, and the general security and happiness of their inhabitants. It is possible that the same effects might have been produced under a government immediately dependent on the Crown; but for the attainment of those objects, the experiment is, at least, unnecessary, and it might be attended with dangers to the Constitution of this Country, which, if they can be avoided, it would be unwise to encounter. Any alteration, therefore, which may be suggested in this part of the system, will probably be only in its details. It may, however, be deemed advisable, to extend the controlling authority of the Board of Commissioners to such proceedings of the Court of Directors in England, as are immediately connected with the government or revenues of the Company's territorial possessions in India, more especially if the suggestion contained in your fourth article should be adopted.

2d. In the view which I have already taken of the proposition contained in the preceding article, it is certainly unnecessary to discuss the question of the Company's right to the permanent possession of the British territories in India. It is impossible that this right should be relinquished on the part of the Public, or that a claim can be admitted on the part of the Company, to the extent which has sometimes been maintained, and to which you seem to have adverted in the second article.

3d. It is equally impossible to acquiesce in *all* the reasoning, though I am perfectly willing to concur in the conclusion deduced from it in the third article. I think it very desirable, that no measure should be adopted, in the

renewal of the Charter, which would have the effect of reducing the value of the capital stock of the East-India Company, and that due care should be taken to secure their proper share of advantage, in any future amelioration of their affairs; but as the law has regulated the mode in which those affairs, at home and abroad, should be administered, I cannot enter into the distinction which is stated in this article, and which I have met with on other occasions, as to the equitable claim of the Company to any remuneration from the Public, or other benefit, on account of wars, or other events which, as represented in your letter, did not originate in "the Executive Body" of the Company, but proceeded from causes which "that Body could not control."

It would be premature, in this stage of the discussion, to enter into any details, as to the proportion of benefit to be derived by the Company or the Public, respectively, from any future amelioration in the state of your finances; and any contingent expectation of that nature must, at all events, be postponed, till a large portion of the Indian debt has been discharged.

4th. The liquidation of that debt is undoubtedly a measure of indispensable necessity, not only to the Company but to the Public. If we were now called upon to discuss the right of the Public to the territorial revenues which have been obtained in India, either by cession or conquest, it would be impossible to relieve the question from the fair claims of the Company and their creditors to a reimbursement of the expences which have been incurred, and the discharge of the debts which have been contracted, in the acquisition and maintenance of those possessions. Entertaining that opinion, and convinced that the liquidation of the Indian debt, in the most speedy and effectual mode, would be a measure of mutual interest and advantage, I do not suppose that your suggestion in the fourth article would be objected to by Government, provided the necessity, or at least the expediency of such an interference, on the part of the Public, is made obvious and apparent, and provided, also, that sufficient security is afforded for the punctual payment of the interest, and of an adequate sinking fund, for the liquidation of the principal of any sums advanced for that purpose. I need not remind you, however, that any such aid from the Public will be unavailing, and the relief afforded

forded by it will be temporary and delusive, unless by the zealous exertions of your Governments abroad, and the minute and detailed investigation and unremitting attention of the Court of Directors, the ordinary expenditure in India, including the interest of debt, shall be brought within the limit of your annual income. The most sanguine expectations of a result even more favorable, and of a large surplus revenue above your ordinary expences in time of peace, have recently been conveyed to you by Lord Minto; but I trust that the Court of Directors will not be induced by those hopes, however well founded, to relax in their exertions. Every item of those, or any other estimates, which the Court may exhibit, must be strictly scrutinized and compared with the actual results of former years, and with the detailed account of any reductions which may have been ordered or carried into effect.

5th. I can have no hesitation in acceding, with some limitations, to the principle for which you contend in your fifth article. It is absurd and unreasonable to suppose, that the East-India Company, out of their own revenues, can long maintain a contest against the power of France, aided by the greater part of Europe and a large portion of Asia. If the principal theatre of the war between European nations is to be transferred to Hindostan, it must be supported, to a considerable extent, by European resources; and if our empire in India is an object worth preserving, this country must contribute to its defence, against any attack of the description which we have been taught to expect. The extraordinary expences incurred in the necessary preparations for such a warfare, or in the actual contest, ought not, in justice, to be imposed as a burthen on the Company alone, even if they were able to sustain it.

6th. I am not aware of any reason for extending the duration of the Charter beyond such a limit, as, with the unexpired term, will be equal to the period granted in 1793; but I state this merely on the first consideration of the subject: and if the general question is to be discussed, I shall pay due attention to any suggestions which the Court may think it right to offer on that particular point.

Having thus adverted, at greater length perhaps than was necessary, to the various topics introduced into your letter, I shall proceed to state such observations as appear

to me necessary to be submitted to the consideration of the Court of Directors, for the purpose of enabling them finally to decide, whether, under the circumstances of the present situation of the Company's affairs, and of the expectations which will probably be entertained by the Public, and sanctioned by Government, they will adhere to their intention of applying now to Parliament for a renewal of the Company's Charter.

It will readily occur to the Court, that whenever an opportunity is afforded of deciding in Parliament on the propriety of continuing in the Company any privileges of a commercial nature, it will be important to consider, whether the system established by the Act of 1793, for the trade of private individuals between Britain and India, has answered the expectations, or fulfilled the intentions of the Legislature. It is wholly unnecessary for me, at present, to enter into any detail of the various discussions which have taken place on that subject. The arguments on both sides of the question must be familiar to the Court, and the opinions of those persons who have turned their attention to it, have, in all probability, been long since fixed and settled: it is fit, therefore, that the Court should now understand distinctly, that I cannot hold out to them the expectation, that His Majesty's Ministers will concur in an application to Parliament for a renewal of any privileges to the East-India Company, which will prevent British merchants and manufacturers from trading to and from India, and the other countries within the present limits of the Company's exclusive trade (the dominions of the Empire of China excepted), in ships and vessels hired or freighted by themselves, instead of being confined, as at present, to ships in the service of the Company, or licensed by the Court of Directors. In the detail of any legislative provisions which it might be expedient to enact on this subject, it would be absolutely necessary to guard against the abuses which would arise, from facilities thus afforded to persons attempting to settle and reside in the British territories, without a license from the Company, or without the sanction or knowledge of the local Governments.

There are various other points to which it would also be necessary to pay due attention, not only as being important to the Company and to the general trade of the country, but essential to the security and easy collection

lection of the public revenue. It would obviously, however, be premature, on this occasion, to enter into any further detail, and I have confined myself to a mere statement of the general proposition.

Another point, which would probably be deemed indispensable, is an alteration in the military system in India, for the removal of those jealousies and divisions, which have unfortunately been too prevalent, between the different branches of the military service in that quarter, and which must, at all times, be highly prejudicial to the public interest; and for the correction of the anomalous system of divided responsibility, which prevails at present in this country, in every thing that relates to the military defence of India. The only effectual remedy for these evils will, probably, be found in arrangements for consolidating your Indian army with the King's troops, founded upon the plan so strongly recommended by Lord Cornwallis, with such modifications as the actual constitution of your service may render expedient or necessary. These arrangements need not be attended with any alteration in the system of promotion now in operation among the officers of the native branch of the service, or with any diminution (they might more probably produce an increase) of any other professional advantages which those officers now enjoy; neither would they, in any degree, interfere with the general authority now possessed by the Court of Directors and the Governments in India over all His Majesty's forces serving in those parts, or with their control over all disbursements of a military nature. I am, moreover, not aware of any reason against continuing in the Court of Directors the nomination of all cadets, destined to hold commissions in the Indian army.

Having thus stated to you, for the consideration of the Court of Directors, the principal points to which I was desirous of drawing their attention upon this occasion, I have only to assure you, that it will be the earnest desire of His Majesty's Government to suggest to Parliament such a system only, as shall be conformable to the principles on which the regulations of 1734 and 1793 were founded, as will secure to this kingdom all the benefit that can practicably be derived from its trade with our possessions in India, and to the natives of those countries a government, and an administration of laws,

sulted to their customs, habits, and prejudices, and consistent with the British character, and which shall also be strong and efficient, without adding unnecessarily to the authority of the Executive Government at home, or increasing, to any dangerous extent, the influence of the Crown.

I have the honor to be, Gentlemen,

Your most obedient humble servant,

(Signed) ROBERT DUNDAS.

To the Chairman and Deputy Chairman
of the East-India Company.

*LETTER from the Chairman and Deputy Chairman
to the Rt. Hon. Robert Dundas.*

Sir, *East-India House, 13th January 1807.*

The letter which you did us the honor to address to us, on the 28th of last month, on the important subject of a renewal of the Company's Charter, has received the most serious consideration of the Court of Directors, and we are, by their unanimous resolution, instructed to submit to you the following answer to it.

The Court having, in the letter which we had the honor to address to you on the 16th of last month, thought it sufficient to sketch the outlines of those principles and propositions which should, in their opinion, form the basis of a new Charter, and the reply you have been pleased to make to it, declaring the same intention of stating observations merely preliminary, and "not the result of any plan, or projected system, matured in concert with His Majesty's confidential Servants," our present letter will abstain from any discussion of minor points, those especially relating to the proceedings of the Court of Directors with servants of the Company returned from India, to which article your letter is understood to allude; and likewise from some other points, connected with the exercise of their authority at home, which may be found to require revision and modification. Neither can it be necessary to go now into the subject of the Indian Expenditure, although it is impossible, after the notice taken of it in your letter, to omit saying, that the Court feel with the liveliest solicitude, how indispensable it is

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AND PROCEEDINGS.

to reduce that article far below the income, and are determined to act accordingly.

The attention of the Court will, therefore, be confined, at present, to two propositions of the highest importance, contained in your letter; the one suggesting such an enlargement of the trade of individuals with British India, as shall admit into it indiscriminately the merchants and the ships of this country; and the other, the transfer of the Company's Indian army to His Majesty. If these propositions had not been accompanied by the declaration with which your letter concludes, they would have filled the Court with the deepest concern; but you are pleased to close the whole of your observations with an assurance, "that it will be the earnest desire
" of His Majesty's Government to suggest to Parliament
" such a system only, as shall be conformable to the
" principles on which the regulations of 1784 and 1793
" were founded, as will secure to this kingdom all the
" benefit that can practicably be derived from its trade
" with our possessions in India, and to the natives of
" those countries a government and an administration of
" laws, suited to their customs, habits, and prejudices,
" and consistent with the British character, and which
" shall also be strong and efficient, without adding unnecessarily to the authority of the Executive Government at home, or increasing, to any dangerous extent,
" the influence of the Crown." Satisfied, by this declaration, that His Majesty's Government understand the interests of this country and of British India too well, to intend any alteration that would subvert or endanger the system by which those vast possessions have been acquired, governed, and improved, and by which alone they can be held, to the mutual benefit of their immense population and of the paramount state, the Court must, of course, believe, that the propositions which have just been quoted, are supposed to be compatible with the continuance of that system, or reducible to a consistency with it. These suppositions the Court are now called upon to examine, and they will endeavour to do so with the respect due to the authority with which they have to treat, with the duty which they owe to their constituents, and with that regard for the interests of their country, which they do not intend, nor feel themselves

required to sink, in supporting the integrity of the present Indian system.

If either of the two propositions, respecting the Indian trade and the Indian army, were to be acted upon, in the sense which the terms of it seem obviously to convey, the Court have no hesitation in declaring their decided conviction, that it would effectually supercede and destroy, not merely the rights of the East-India Company, but the system of Indian administration, established by the Acts of 1784 and 1793 ; and with respect to the latter proposition, for the transfer of the native army, it appears to be incapable of any modification, which would not still make the overthrow of the present system the certain consequence of it. The Court will take the liberty to state the reasons on which these opinions are founded, with as much fulness as the bounds of a letter, and the dispatch necessary at this period, will permit, premising only, that in the time and space to which they must now confine themselves, many things, belonging to the consideration of both subjects, must be omitted.

With respect to the Private Trade, the Company are not governed by narrow considerations of commercial profit or commercial jealousy ; and, in fact, the Indian trade, as an object of gain, has gradually ceased to be of importance either to the Company or to individuals.

The admission into it already accorded to British residents in India, with the prodigious increase of the cotton manufactures of Europe, the changed circumstances of the European Continent, and the almost incessant wars which have prevailed for the last sixteen years (wars still without any near prospect of termination) have reduced the value of that trade to a very low point. The Court are actuated by a thorough persuasion, that the unlimited freedom, for which some persons have, of late years, contended, would have political consequences more injurious to the power of this country and of British India, than the advantages anticipated by sanguine minds, from an enlargement of the commerce, could compensate, if those advantages were to be realized ; and that ; moreover, the expectation of such advantages is unfounded, resulting from general presumptions, which are contradicted by the nature of the Indian people, climate, and productions, and by the experience of more than two centuries.

In any scheme of intercourse, purely commercial, between

tween this Country and India, the leading objects must be to export as many as possible of our home manufactures, and to import those commodities, which would either beneficially supply our own consumption, or the demand of other countries. European or Transatlantic: and it is, no doubt, imagined by many persons, that if the trade to India were perfectly free, these objects could be attained, in a degree extending far beyond its present scale. The ardour of individual enterprize, it will be thought, could find out channels, which the settled routine of a Company cannot explore, and carry on commercial operations more economically and expeditiously than suits with the habits of monopoly, whilst our most active rivals in the Indian trade would thus be best counteracted. The present times, it will also be said, peculiarly demand new attempts and discoveries in commerce, and His Majesty's Government may very naturally wish, at such a crisis, to procure for the country every possible facility for the exertion of its commercial spirit, and the employment of its commercial capital. But before a change in its principle altogether novel, and obviously connected with national interests of the highest importance, is adopted, it ought to be seen, not only on what rational grounds the expectation of advantages entertained from it rests, but to what consequences so material a change might expose the country and its Indian dependencies.

Now, with respect to the benefits supposed to be derivable from opening the trade with India, it is, in the first place, to be observed, that no material enlargement, if any enlargement at all, is to be expected in the exports of our manufactures to that quarter. The records of the Company, for two centuries, are filled with accounts of their endeavours to extend the sale of British products in India, and of the little success which has attended them. The French, Dutch, and other European nations trading thither, have equally failed in introducing the manufactures of Europe there. This was not owing to their trading chiefly in the form of Companies; the Americans, who within the last twenty years have entered into the Indian commerce, and traded largely, not as a Company, but by numerous individuals, each pursuing his own scheme in his own way, in which course no part of the East is left unexplored, carry hardly any European

European manufactures thither, their chief article for the purchase of Indian goods being silver ; and such has been the state of the trade from Europe to India since the time of the Romans. This state results from the nature of the Indian people; their climate, and their usages. The articles of first necessity their own country furnishes, more abundantly and more cheaply than it is possible for Europe to supply them. The labour of the great body of the common people only enables them to subsist on rice, and to wear a slight covering of cotton cloth ; they, therefore, can purchase none of the superfluities we offer them. The comparatively few in better circumstances, restricted, like the rest, by numerous religious and civil customs, of which all are remarkably tenacious, find few of our commodities to their taste, and their climate, so dissimilar to ours, renders many of them unsuitable to their use ; so that a commerce between them and us cannot proceed far upon the principle of supplying mutual wants. Hence, except woollens, in a very limited degree, for mantles in the cold season, and metals, on a scale also very limited, to be worked up by their own artizans for the few utensils they need, hardly any of our staple commodities find a vent among the Indians ; the other exports which Europe sends to India being chiefly consumed by the European population there, and some of the descendants of the early Portuguese settlers, all of whom, taken collectively, form but a small body, in view to any question of national commerce.

What is here said does not relate only to those parts of India where the Company have settlements or factories, but to all the shores that embrace the Indian Seas, from the Gulfs of Persia and Arabia to the Eastern Archipelago. Many advocates for a free trade may suppose, that in so vast a range, numerous positions, favorable for the vent of European commodities, are still unexplored ; but they are not aware, that in the British settlements, which themselves extend on the west to Cambay, and on the east to China, there are a number of merchants, native and European, who carry on what is called the coasting trade of India, with great spirit, sending their ships to every mart, insular or continental, where any profitable commodities can be either sold or bought. At all those marts, European commodities have been tried by the enterprise of individuals. The little demand that has been
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found for them has been supplied ; and residents, settled in India, can carry into such parts the trade in European commodities, which it is now open to them to receive from this country, with more facility and advantage than merchants settled in England.

To these facts and observations, arising from the nature and circumstances of the people and countries of India, one remarkable argument may be added, furnished by our own experience at home. In the Charter of 1793, provision was made for the export of British manufactures to India, by any individuals who might choose to embark in that trade. The Company were required to find them tonnage to a certain extent, which has always been allotted at a rate of freight cheaper outward, as well as for the returns, than the Company themselves pay, or, as the Court think, than private ships could furnish it. But, in all the time that has elapsed since, very few applications, and these to a small extent, have been made, for leave to export the woollens, metals, and other staples of this country, on private account, the chief applications having been for the freight of wine, for the consumption of Europeans : and this is not properly a British production, nor is it so much an increase in the trade, as a transfer of it to the private merchants from the commanders and officers of the Company's ships, part of whose advantage used to arise from being the carriers of this commodity.

All these circumstances, to which other corroborations might be added, the Court trust will fully evince, that the entire opening of the Indian trade to the merchants of this country, would not, in reality, extend in any considerable degree, if at all, the consumption of British manufactures.

Let it be inquired, in the next place, whether the adoption of so great a change in our Indian system, would be followed by the discovery of such new and valuable productions of the East, as would serve materially to augment the trade of this country with the Continents of Europe and America ; for, with regard to the supply of our home consumption of Indian commodities, it cannot be asserted, that the importations already made by the Company and individuals do not abundantly suffice for it, or may not, at any time, be extended to the exigencies of the market ; in which, it may be noted, that a preference is given to the cotton and silk manufactures of our

own country, and to some of the tropical productions brought from our West-Indian Colonies. Nor can it be asserted, that new adventurers in the Eastern trade, sitting out from Great-Britain, could, with any profit to themselves, furnish the home consumption on cheaper terms than it is now supplied; for both the Company, and British individuals resident in India, must have an advantage over such adventurers in the provision of goods there (British residents in the freight also), and yet, of late, the great Indian staple of cotton piece goods has been a losing article in this country.

Now, as to the productions of India valuable for foreign commerce, the trade of Europeans, of different nations, to all parts of it, in the course of the last three centuries, may well be presumed to have left little for discovery in that way. The Portuguese, who, in their early time, spread themselves along all the shores of the East, explored every considerable part of it, and they were followed by the Dutch, English, and French Companies, with their numerous establishments, some of which extended inland to the Upper India. But the modern European merchants, resident in the East, who have long been the chief navigators and adventurers in what is called the coasting trade, have become well acquainted with the commercial capacity of every region washed by the Indian Seas; so that many countries supposed here to be little known, because little visited by the ships of Europe, are familiar to them, and whatever articles those countries furnish, valuable for the commerce of the West, are already conveyed, through the medium of private or foreign trade, to Europe.

The chief commodities suited to the European market, which India has hitherto been found to produce, are spices, pepper, drugs, sugar, coffee, raw-silk, saltpetre, indigo, raw cotton, and above all, cotton manufactures of singular beauty and in endless variety. These last have, as already intimated, formed, from time immemorial, the grand staple of India; but from the rise and excellence of similar manufactures in Europe, particularly in our own country, and from the general impoverishment which wars and revolutions have brought upon the Continent of Europe, with the obstructions opposed, in much the greater part of it, to our commerce, the consumption of the fine fabricks of India has considerably decreased, and

and it is not likely that it can be restored to its former standard. Spices, sugar, and coffee, have been furnished chiefly from the Moluccas and Java, Dutch islands not in our possession, nor, in a commercial view, worth the expense of conquering and keeping them. The cinnamon of Ceylon, now ours, may be brought, in sufficient quantity for the supply of all Europe, in one or two of the Company's ships. Pepper is a very losing article. Sugar has been, of late, imported from our territories; but the necessary expense of conveyance from so great a distance, prevents it from being profitable, and it can be much encouraged only at the expense of our West-India colonies. Raw silk and indigo, now produced in great perfection in Bengal and its dependencies, have been brought to that state, by the expense incurred, and the support afforded by the Company. Both are articles occupying little space, in proportion to their value. The factories where the former is collected and prepared are in the hands of the Company, who have, in the course of many years, abolished them with great labour and expense. They now furnish not only all the raw-silk this country requires, but much for the consumption of the Continent, and it was possible to bring it there into competition with the raw-silk of Italy, and the tonnage already employed by the Company is quite sufficient for its importation from India. The indigo produced in Bengal and the adjacent Provinces is equal, probably, to three-fourths of the demand of all Europe, and may easily be raised to the whole demand; but the manufacture of this article is entirely, and the trade in it chiefly, in the hands of individuals, who need and require no shipping from this country, except what the Company provide, to convey to Europe, all that Europe can consume of it. Saltpetre, furnished only from Bengal, is, for political reasons, prohibited to foreigners, and exported exclusively in the ships of the Company: for the same reasons, it could never be prudent to allow the private ships of this country to carry it away at pleasure. Where then is the scope for the admission of new shipping and new adventurers, without limitation, into the trade of India with Great-Britain? In general, it may be observed, that the commodities which have hitherto come from that country, in a state prepared for use, such as the great staple of cotton goods, being articles of luxury, can have only a

limited consumption, and that the demand for them could not be increased, at all in proportion to the number of new competitors that should enter into the trade. The same may be said of all kinds of spices and drugs, which, from their nature, have a limited consumption; and, with regard to the important articles of raw-silk and indigo, which require a further preparation before they are used, there is already abundant provision made for their importation, to the utmost extent of demand.

There remains then to be considered, of all the commodities above enumerated, only the raw material of cotton; and to this may be added another, of high importance, which India is in time likely to produce abundantly, namely, hemp. Now, with respect to the former of these, the Company have formerly imported it, and permitted private merchants to do so; but it was found, that the cotton of India could not enter into competition with that produced nearer home, in the Brazils, the West-Indies, and North America. Of late, since the interruption of our trade with the last mentioned country, the Company have themselves commissioned cotton from India, and have been willing to encourage individuals to export it from thence; but that it can support a competition with the cotton of Georgia, when the American embargo is taken off, or become an article of extensive demand in this country, supplied with it from so many nearer quarters, is not very likely. The culture of hemp in India is yet in its infancy. A change in the circumstances of Europe may check it; but if it is not checked, years must elapse, before the quantity produced can form a considerable article of exportation. And with regard to both these commodities of cotton and hemp, it is to be observed, first, that cargoes for Europe cannot be composed of them only, some other, more ponderous for its bulk, being necessary for dead weight, and sugar, almost the only article of this nature that India can supply, must generally be rather a losing one: secondly, it is to be observed, that the private ships ready to be employed in India, must be abundantly sufficient for the supply of all the tonnage that can be required for these articles, which could hardly absorb any very large amount of capital. Thus, then, it is also apparent, that the country and productions of India afford no new field

of importance for the commercial enterprize of the merchants of Great Britain.

But were it indeed otherwise, where, in the present circumstances of the European Continent, could new commodities, imported into this country from India, find a vent, when many of those already made, and of articles which the Continent used to take off, remain in our warehouses? And hence may appear the inapplicability of that argument, which has sometimes been urged in favor of enlarging, or rather opening the Indian trade to individuals, "that they should be allowed to bring home *the surplus produce of India* which the Company did not require." There can be no room for additional importations, when the ordinary scale proves too large. But in the use of this plausible plea, respecting *surplus produce*, there was always a great fallacy. It seemed to imply, that there was a stock of commodities in India which continually remained undisposed of, whereas nothing is more evident, than that the productions of any country will be regulated by the demand, and that no agriculturists or manufacturers will go on from year to year to produce that for which they have no sale. The term, as connected with the Company, might also convey the idea, that *they* were the only purchasers in the country; whereas, at that very time, British residents and foreign nations had the privilege of exporting goods to the western world, and there was a great coasting and internal trade from one part of India to another. But the argument for permitting individuals to export the surplus produce, included fully, though not professedly, the principle of transplanting British capital to India, in order to raise produce there; a principle which, it may be thought, this country has already carried sufficiently far in its other distant dependencies, and which could not be applied to India without political consequences.

But it has been alleged, that the refusal of the Company to make a concession, which appeared to them to be claimed on unsound premises, and to be pregnant with danger, threw that trade, which might have been brought into the Thames, into the hands of foreigners, particularly the Americans, whose great progress in the Indian trade, of late years, has been charged to an erroneous policy on the part of the Company. Nothing can

can be more mistaken than the whole of this statement. Several European nations having from the native sovereigns of India the right of possessing settlements and carrying on trade there, a right which we had confirmed, we could not interrupt the exercise of it whilst they remained at peace with us ; nor, therefore, divert from them whatever portion of the trade their means enabled them to embrace. And, with respect to the Americans, they owe their advancement and success in the Indian trade to the treaty made with them by our Government in 1794, to the belligerent state of Europe since that time, and, above all, to the neutral character they possessed; which enabled them to navigate more cheaply, more expeditiously, as well as more safely than our merchants or the Company could, and to supply many parts of the European Continent and of South America, to which our ships had no access. These, with the increase of the consumption of eastern commodities among themselves, are the true causes of the growth of the American trade with India ; and even the abolition of the Company's privileges would not have transferred the share they acquired of it to our merchants, because it could not have lessened the advantages under which the Americans then carried it on, nor have gained us either the supply of their internal demand, or admission to many ports which were open to them. What the Company could do, in the way of regulation, to reduce the inequality between the American traders and our own merchants, you know, Sir, was effected, as soon after the expiration of the treaty of 1794 as His Majesty's Government thought expedient.

Among the speculations of the present day, the idea may perhaps be suggested, of carrying the productions of India directly to the ports of Portuguese and Spanish America ; and eagerness for relief from the pressure which our commerce now feels, may be ready to make so great a sacrifice of the navigation laws. But such a measure would essentially exclude the mother country from being the medium and emporium of our Indian trade ; and whilst it served to enrich India, rather than Britain, would facilitate the progress of the former to independence. If, however, so dangerous an innovation were not adopted into our commercial code, it is altogether probable that English ships, admitted without limitation
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into the Indian Seas, would take the liberty of sailing to those markets which would be thought the most promising; so that, in effect, the opening of the Indian trade would be not solely or chiefly for this country alone, but for other, perhaps for all parts of the world.

Having thus shewn, that the opening of the Indian trade to the subjects of Great Britain could not materially increase, either the export of the manufactures of this country, or its commerce in the productions of India, it will next be proper to consider, what the effects of the proposed change would be upon the East-India Company and upon British India.

And, in the first place, it would, in substance and in form, entirely abolish the qualified monopoly which the Company still enjoys of the Indian trade. The admission of all private merchants, at their pleasure, and of their ships, into that trade, would make it as perfectly free as the trade to our American or West-Indian colonies. There would, as to India, be an end of all exclusive privilege of trade. This would not be any modification of the Act of 1793, but an essential departure from it. That act permitted only the export of British manufactures, and intended only to provide for the returns to them, and for *the remittance, in goods, of British fortunes from India; both on the ships of the Company.* The proposed measure must, in the nature of it, make the trade from India not merely a vehicle for the remittance of fortunes acquired there, or the produce of British manufactures, but a general trade; and what is a still more radical change, instead of a limited amount of tonnage not incompatible with the Company's system, it admits all ships, without any limitation, or option on the part of the Company: it throws all India open to those ships, and thus sets aside the Company from being the sole channel and medium of the trade, through their own shipping, or shipping engaged by them, which completely divests them of the last remnant of exclusive privilege in that trade.

It would be no argument to say, that in a trade, by which they now gain little, they might admit, without much sacrifice, the rest of the commercial world to share.

The loss of the Indian monopoly, such as it was left by the Act of 1793, would lead, by no slow process, to the entire subversion of the Company, both in their commercial

commercial and political capacity, and of that system which the Legislature has appointed for the government of British India, of which system the Company forms an integral and essential part.

If the Indian trade were thrown open, ships would, at first no doubt, swarm into it, and there would be a ruinous competition in the markets, both abroad and at home. Goods would be enhanced in cost there, as well as deteriorated in quality: the selling prices at home, already too low, reduced still lower, and the market overstocked. This was the effect, in some measure, produced by throwing open the trade in the time of Oliver Cromwell, who, after the experience of a few years, revived the Company. The same effect followed from the collision of the Old and New Companies, in the beginning of the last century, which forced them to unite, and their union received the sanction of Government. It is not sufficient to say, on this head, that increased demand abroad will produce increased supply, and the diminished price of goods at home increase the sales, so that things will, at length, in both countries, find their due level. From the nature of the Indians and their division into castes, it is not so easy among them, as in Europe, to meet an increased demand by increased production; and it is still less easy, when they can subsist by furnishing things of low or ordinary quality, to make them aim at excellence, which the supposition of increased sales at home would require. But of such an increase, in the present and prospective state of the trade in Indian imports, enough has been above said to shew the improbability; and before that supposition could, in any case, be realised, the ruin of the parties immediately embarked in the trade (a trade so distant, requiring large capitals, and making slow returns) might be completed, with the ruin also of the Company, whose establishments would have been deranged by this great change. If the change itself did not occasion the fall of the Company, the disappointments which the private adventurers could not fail to experience would, by them, be charged to the influence of the remaining privileges of the Company, and they would not rest until the whole were extinguished. But it may be observed here, and it is an observation which might be urged more formally and fully, that although the Company have the just-
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est claim to those territories, which the powers vested in them by the laws of this land, the ability of their servants, and the hazards they have encountered, have enabled them to acquire, and that this right was never questioned, until the acquisitions, and consequently the merit of making them, became great; yet that, in a more peculiar sense, all the principal marts and factories of British India are their property, acquired in their purely commercial period; either with their money or by grants from the native princes of the country, and that the power of admitting settlers and traders to them strictly belongs to the Company.

One part of the present system, and a beneficial one for all parties, is to have only one place of sale for Indian goods, that is London; to make all sales by public auction at stated periods, and these sales to be regulated and conducted by the Company. With the proposed enlargements, it would seem hardly possible to continue that practice. Different towns would have their own sales, at their own times. Individuals might frequently chuse to dispose of their goods by private bargain. The general resort of buyers which the sales were wont to bring to London, a resort often productive of other commercial speculations, would thus be at an end; and the benefit derived from public auction, when that was the sole mode, would be lost, in the midst of many private sales and competitions: but to dispose of the goods of the Company by private negotiation, might open a door to many abuses, which would render that mode totally unsuitable for their business. The Company, with such a competition, could not go on to purchase the goods of India. With the cessation of their Indian trade, their Indian subordinate factories, which have been reared in the course of more than a century, and which are the seats of the best manufactures produced in the country, must be abandoned, and all the commercial branch of their civil servants be thrown out of employ. Their purchases of goods at home, for the Indian market, must also cease, with the circulation of money which has enabled them to support their credit in England, and to provide for the payment of bills, which it has been long and necessarily the practice to draw on them from India; a practice which, under such a change of circumstances, could not be continued: and, in general, the

the great aid which the political affairs of British India have, at all times, derived from the commercial credit and resources of the Company with the reciprocally beneficial co-operation of the different parts of the Company's system, must thus be destroyed. In like manner, the Company must cease to employ the numerous class of excellent ships they have engaged for the Indian trade, ships constructed for warlike defence as well as for commerce, and rendered expensive only, by being necessarily destined and fitted for the performance of political services. Those ships the Company have contracted to employ for the term of their duration: there is a large capital embarked in them, and they can be employed in no other way than in that for which they were built. When they can no longer be kept up, the means of conveyance they have hitherto so well afforded for troops, and the large supplies of naval and military stores annually sent to India, must be lost.

But there is no reason to believe the evils would end here. The monopoly of the China trade, which it is proposed to continue, would not be safe. British ships, when permitted to range at pleasure through the Indian seas, however interdicted from that trade, would attempt to participate in it, either by resorting to it as the country ships do, under color of carrying on the coasting trade, or by other means obtaining teas, and the other productions of China, at the most convenient Indian ports. Love of gain, disappointments in other ways, the hope of impunity, would stimulate their conductors to break through restrictions imposed in this country. British subjects, who now navigate the Indian Seas, sail from some one of our established settlements there, and are amenable to the laws of it: it would not be so with men having no domicile in India. In ranging the numerous islands and coasts of the Eastern Seas, where they would be unknown, and whence they could not be followed to England by complaints, the probability of impunity might tempt them to commit upon the weak natives, accustomed to repose confidence in Englishmen, acts of injustice and licentiousness, which would wound the national character, raise complaints throughout India, and set the people against us. In this manner the Portuguese formerly rendered themselves odious in the East, and contributed to the downfall of their own power. In China, where the effects of such a
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spirit would be most to be feared, we could exercise no authority, sufficient to control men not within the reach of the Indian Governments, or to defeat their schemes and associations for eluding the laws. Practice would embolden them, and time increase their numbers. It is hardly conceivable they would not venture upon irregularities which would offend the Chinese Government, who, whilst the delinquents escaped to England with impunity, would doubtless take satisfaction of the national factory; and the pride and jealousy of that government, alarmed by repeated instances of this nature, from the desultory visits of a new order of Englishmen, insubordinate to the representatives of the nation, might determine to dismiss the whole together. If this extreme case be not supposed, which however is too probable and too momentous in its consequences to be hazarded, can it be doubted, that whilst the duties on tea continue at even the fourth part of what they are at present, private English ships adventuring to the Eastern Seas will not, by means of country vessels and intermediate ports, if by no other means, procure teas, and revive the practice of smuggling them into this kingdom? The consequence seems inevitable, and the ships of our own country, especially if allowed to chuse their port of discharge, as the proposed change seems to require, would have facilities, which those of foreign Europe or America could not command. In these ways, the China monopoly of the Company, reduced in its profits, would be rendered likewise insecure, and in the end untenable; and the noble fleet of ships, employed in that trade by the Company, must be also laid aside. How the immense revenue, now derived by Government from the very high duties on tea, could, under such circumstances, be realized, or a substitute found for them, may be an important, and, to all appearance, a most difficult subject of enquiry.

But a more serious consequence than all these would still remain. A free trade to India would, unavoidably, draw after it the residence of numerous and continually increasing Europeans there, whatever prohibitions might, at first, be opposed to their settling in the country. When all restraint to the importation of ships and goods is taken off, men must be allowed to follow their property, and to remain at the place where they land it till they

have disposed of it : they must be allowed to navigate the Indian Seas, and to return to the same place when their business calls them : they will thus, insensibly, and with hardly reasonable grounds for opposition, domiciliate themselves ; nor would an unsuccessful trade prevent them, but many would seek to indemnify themselves on shore for their losses by the voyage. The instances of such settlements will be numerous, and it will be impossible for any police to follow up the cases of individuals, and continually to exercise a rigorous system of exclusion. This has not hitherto been done, though attended with comparatively little difficulty ; and the attempt would soon, under the new order of things, be abandoned as hopeless. Colonization must, in such case, follow. Large communities of Europeans will struggle for popular rights : new feelings with respect to the mother country, new interests and attachments will then spring up ; and in a region so remote, so rich and populous, and so accustomed to yield to the ascendancy of the European character, the tendency and process of these things cannot be difficult to conceive.

With the prospect of all these consequences, commercial and political, before the Court, it is impossible that they, as faithful guardians of the interest committed to their care, or as men truly solicitous for the welfare of their country, which they profess themselves to be, can advise their constituents to seek a renewal of their Charter, on conditions which would despoil it of all its solid advantages, deprive the Company of their most valuable privileges, and incapacitate them from performing, for themselves and the nation, the part hitherto assigned to them in the Indian system. Such a further enlargement of the Indian trade, in favor of individuals, as may be compatible with the preservation of these essential objects, the Court will, in present circumstances, certainly be disposed to recommend. They will be ready to enter into a serious enquiry concerning the concessions which may be made, without trenching upon the principles established by the Act of 1793 ; and they trust that the justice and wisdom of His Majesty's Ministers will not require the Company to make essential sacrifices, for the sake of giving to the Public what would, after all, be more an ideal than a real benefit, and be, in other respects, productive of incalculable disadvantages.

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The other important proposition which is next to be considered, is the transfer of the Indian Army to the King. The reasons assigned for this proposition are, that an end may be put to the jealousies and divisions which have too much prevailed, between the officers of His Majesty's army and those employed by the Company, and that the responsibility in the country, of providing for the military defence of India, may be ascertained and strengthened.

The Indian army is the main instrument by which the Company have acquired and retained the territorial possessions they have added to the British Empire. The people of those countries submitted more easily to an authority exercised by means of a body formed from among themselves. We fought battles and governed provinces as the native powers did ; and our new subjects, undisgusted with the sight of a foreign conquering army, supposed the government to continue substantially the same, and the principal change to be in the individuals who exercised it. The constitution and character which this Indian army has acquired, have been the subject of just admiration. These have been owing, essentially to the happy mixture of bravery and generosity, of firmness and kindness, exercised towards the Sepoys by their European officers. The superior lights and energy of the European character have directed the powers and conciliated the prejudices of the native troops ; but it was because the officers knew the people and their prejudices well. These officers had been trained up among them from an early age : the nature, the usages, and the language of the natives, were become familiar to them ; and the natives, remarkably the creatures of habit, in return, from being accustomed, became attached to them. Without such knowledge, however, on the part of the officers, they might every day have revolted the minds of so peculiar a race, and have alienated them from our service and government.

An Indian military education, from an early age, is essential to the formation of a good Sepoy officer, and gradual rise in the service by seniority, is no less indispensable. In this way, the Indian army has been constituted and rendered eminently efficient ; and all measures, tending to change or weaken the constituent parts of this fabric, are to be deprecated. When, excepting a few regiments

regiments of European artillery and infantry, the whole military force of British India was composed of Sepoy corps, the officers of that army, of course, possessed entire the emoluments and advantages which the service afforded. The introduction of European troops from His Majesty's army into India altered this state of things. Young officers, of no Indian experience, who had obtained their commissions by purchase, took rank of men of long and tried service: the King's officers were thought to come in, also, for too large a share of employments and advantages. To redress the complaints which the Company's officers made of supercessions and partialities, and to give them a better share of the benefits of the service, was the leading object of Lord Cornwallis's Military Plan of 1794, and with him a principal motive for proposing to transfer the Indian army to the King, no other practicable means having then occurred to him. But the object was, in substance, attained by the Military Regulations of 1796, passed in concert with His Majesty's Government, without that transfer, of which his Lordship did not revive the idea on his last return to India, those regulations having given increased rank and retiring pay to the officers of the Company's army. The causes of complaint, however, did not entirely cease. To avoid the collision of authorities, the Company had adopted the usage of appointing the Commander-in-Chief of the King's troops, also their Commander-in-Chief; and one consequence of this has been, that the Company's officers, resident from early youth in India, possessing little influence in England, unknown to officers of high rank in His Majesty's service, have thought themselves treated with less favour and distinction, than younger officers of that service recently arrived, but better patronized. You know, Sir, that there have been instances of this sort, which the Court, with the sanction of your Board, have interposed to repress: but as long as the British force in India is made up of two armies, so differently constituted, with so large a portion of King's officers, the whole commanded by generals of His Majesty's service, there will, probably, be real or apprehended ground for the like complaints. They do not arise because one army has the honour to belong to His Majesty and the other serves the Company, but because the constitution of the two armies are radically different, and must continue so, whether the armies
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are under one head or two. The Indian army cannot be maintained without officers attached to it from an early age, and rising by seniority. Frequent changes of King's regiments serving in India, and the consequent frequent arrival of young men, promoted in them by purchase, cannot be avoided: the former class will be comparatively unknown to the King's commanders, the latter will have among them the connections of those commanders, or of men of influence in England. It is not difficult to see, therefore, to which side the exercise of military patronage will lean; and to prevent causes of complaint, and to keep the balance even, must be an important object in the Government of India. It does not seem the way to effect this, to put the Indian army wholly in the power of the Commander-in-Chief. It is of the partiality of that station of which the Company's officers have sometimes complained; and the Court see no reason whatever to suppose, that their jealousy and dissatisfaction would be removed, by putting them entirely under its control: and, indeed, by placing two armies, of such different races and so differently constituted, under the same master, it would seem difficult to avoid attaching the idea of permanent inferiority to that which was Indian. Nor is it a thing to be taken for granted, that the Sepoys, so much, as already observed, under the influence of habit, would chuse to be transferred from that service to which they have been always accustomed, to one of which they have little experience, and that experience not always of a conciliatory kind. To place the officers of the Indian army wholly under that authority of which they have hitherto complained, does not certainly appear to be the way to render them easy. It might, on the contrary, lead to serious discontent; and though the Court would be far from countenancing that spirit among their officers, or yielding to any irregular exertion of it, yet it must be said, on the other hand, that those officers are a body of men who have deserved too well of the Company and their country, to have real causes of discontent; and that it would be impolitic to adopt any system, likely to generate such causes, either among them or the men they command.

With regard to the other reason assigned for the proposed change, the Court beg leave to observe, in the first place, that they do not perceive the necessary connection between the inconvenience which is alleged, and the remedy

remedy suggested for it ; since, if it were true that the question of responsibility in England, respecting the appointment of Commander-in-Chief, lay under an obscurity and uncertainty detrimental to the public service, it does not appear to follow that the Indian army ought to be transferred to the King, to remedy this defect. But, in the humble apprehension of the Court, no obscurity hangs over that question. The appointment of Commanders-in-Chief of the King's forces there rests with His Majesty, and the officer chosen by him will, by virtue of his commission, generally command the Company's army on service. The appointment of Commanders-in-Chief for the Company's army is placed, by law, in the first instance, in the Court of Directors, but with a power vested in His Majesty to annul such appointments. This necessarily points to an agreement between His Majesty's Government and the Court of Directors, in respect to those appointments, and the Court are not aware, that they have, on any occasion, used the share of power left to them by this arrangement, for the exercise of which they feel that they are responsible, to the prejudice of the public service. They must, at the same time, humbly express their opinion, that the law, as it now stands, is wisely conceived, since it does not halve the responsibility, but double it, making both His Majesty's Government and the Court of Directors fully answerable for the appointment of the Company's Commanders-in-Chief : and if it should still be said, that, in point of fact, the selection of a Commander-in-Chief for His Majesty's forces may be rendered difficult, by reluctance, on the part of the Court, to accept of the same officer for the command of the Company's army, it may be justly replied, that they make a sacrifice to the public interest, in agreeing that the Commanders-in-Chief of His Majesty's shall also be the Company's ; and when he is not only to command their army, but expects to be made a Member of their civil and political Government, it cannot be deemed unreasonable, that they should possess the right of satisfying themselves as to his competency for filling those high offices : neither is it, as they think, to be shewn from theoretical reasoning, or by an appeal to facts, that the service will suffer, or has suffered, by their assertion of this right.

But the strongest objections of the Court to the proposed

posed transfer arise from political considerations. They conceive the continuance of the Indian army in the hands of the Company to be essential to the administration of the civil, financial, and political affairs of British India, according to the present system. The Company's Government has hitherto been respected, both by its own subjects and foreign powers, because it possessed a great military force. Organizing this force, enlarging or reducing it at pleasure, appointing its officers, rewarding merit, punishing the unworthy, providing for the comfortable retirement of the veteran soldier and officer, and, in short, exercising all the functions of a governing power over a very numerous body of men of high military spirit, it has possessed all the respectability and the benefit of their attachment and fidelity. Looking upon the Members of the civil Government and the body of civil servants as belonging to the same master with themselves, and as the first order in the state, they have paid a willing obedience to their authority, and have thereby upheld their internal administration and their consequence abroad. The introduction of certain King's regiments has been understood, as it was intended, to be merely in support of the public interest under the existing system: but if the Company were to be divested of the whole of their military force and power; if they were to be no longer masters of a single regiment, no longer capable of entertaining any soldiers nor of giving one subaltern's commission; if the immense body of men, who have so long looked up to them, were to be transferred from them, the people must consider their power as fallen and drawing rapidly to a close. Continuing still to their Governments a general control over the employment of the army, and to their civil servants the internal administration of their affairs, would give the people no assurance to the contrary. Those servants, in the discharge of their different functions of judges, magistrates, collectors, could not expect the same respect and support, either from public opinion or the attachment of the native troops, as when all looked to the same head for protection, patronage, and reward. Indeed, to make so wide a separation of the military from the civil power; to take away the organization, the interior regulation, and with these, the patronage of the army, from the local Government; to place all those powers in the hands of the

Commander-in-Chief, subject only, in the exercise of them, to an authority at the distance of half the globe, would throw the means and the temptation of a dangerous ascendancy into the scale of the military department, which, constituted by His Majesty, might easily be led to slight the civil servants of a meaner master, and their chance of distant redress. Among the natives of India it has been usual to consider the military power, and those possessing it, as pre-eminent; and they see, in some examples of the present day, *that* power, under the idea of assisting the civil and political administration, actually controlling it. The Company's Government, in short, lowered and over-shadowed in this way, would not, in the opinion of the Court, continue to possess the authority necessary for the proper administration of the affairs of that great empire; and it might then be conceived, that a further change only could supply what was defective.

But this is not the only way in which the measure in question appears to the Court to be pregnant with danger. It proposes to place in the entire disposal of the Crown, a regular army, amounting to one hundred and forty thousand men, commanded by above three thousand European officers, having a great variety of places of honor and emolument; and all the vast patronage attaching to such an army (saving the nomination of cadets) would, mediately or immediately, be under the influence or control of some of the Members of His Majesty's Government. This would be a signal departure from the spirit and letter of the Acts of 1784 and 1793, a professed principle of which was, that the Indian patronage, civil and military, should be kept entirely out of the hands of the servants of the Crown. It is not for the Court to enlarge upon a proposition so momentous; but they beg leave, with the utmost deference, to state, that they would deem it a dereliction of their duty, to which no consideration could induce them to submit, to recommend any measure of this description to the adoption of their constituents. Knowing however, Sir, your concern for the promotion of the public interest, a concern which we have frequently witnessed, the Court still flatter themselves, that the consideration of the renewal of the Company's Charter, a measure which they believe to be for the interest of the nation as well as of the Company, will go on without your insisting on this proposition, or any further

further on the other which has been above discussed, than may be really compatible with the preservation of the present Indian system.

We have the honor to be, Sir,

Your most obedient humble servants,

(Signed)

EDWARD PARRY,

CHARLES GRANT.

The Rt. Hon. Robert Dundas,
&c. &c. &c.

At a Secret Committee of Correspondence,

The 28th February 1809.

The Chairman and Deputy Chairman reported to the Committee, that in consequence of an invitation from the President of the Board of Commissioners, they had yesterday an interview with him, in which he discoursed with them on the present state of the negotiation for the renewal of the Company's Charter. He inquired, in the first place, whether the Company would have occasion to apply to the Public for pecuniary aid in the course of the present year. To this inquiry the Chairman and Deputy answered, that from an estimate lately made up of the Company's receipts and payments, till the month of January 1810, it appeared probable they might be able to do without any public assistance till that period; but that this could not be positively affirmed by the Chairs without further and more certain investigation. Mr. Dundas then said, that if the Company were not under a necessity of coming to Parliament this session on the score of their finances, he thought it would be expedient to delay the agitation of the subject of the Charter in Parliament till next session, because the Committee of the House of Commons for inquiring into the state of the Company's affairs, recently re-appointed, being about to examine into all the great branches of those affairs, which would necessarily engage the public attention on the renewal of the Charter, it would be expected by the House, that the reports of that Committee should be submitted to them, before the question of the renewal was brought forward, and from the number and weight of the subjects to be investigated, it would be impracticable to report upon them, soon enough to afford sufficient time to the House to

go through the consideration of them in the remainder of the session: it was, therefore, Mr. Dundas's opinion, that it would be advisable to postpone the agitation of the question until next session; but before he fixed his determination, he wished to receive the sentiments of the Chairs and the Committee of Correspondence on this important point, and those sentiments would probably influence him in shaping his answer to the last letter of the Court, dated 13th January 1809, on the renewal of the Charter. The Chairman and Deputy Chairman beg leave to state, that they, in reply, expressed their opinion to be clearly in favor of proceeding with the business of the Charter this session, if it should be practicable for the Committee of the House to make the requisite reports in due time.

The Committee having deliberated on this communication, are of opinion, first, that it will be necessary to form as accurate an estimate as possible of the home finances of the Company for the current year; secondly, that it is very desirable the renewal of the Company's Charter should be brought forward in Parliament this session, even if the Company should stand in need of no pecuniary aid; but, thirdly, that if the Select Committee cannot prepare their reports in due time, and His Majesty's Ministers deem it proper to wait till next session, the Court must, of course, acquiesce; yet in the wish and hope, that if any circumstances should occur in the course of the present session, favorable to the agitation of the measure, it may still be brought forward; and if not in this session, as early as possible in the next; to which end the Committee will be very ready to proceed with the President of the Board of Commissioners in the discussions already commenced.

LETTER from the CHAIRMAN and DEPUTY CHAIRMAN to the Right Honorable ROBERT DUNDAS.

(Private.)

Sir, *East-India House, 5th December, 1809.*

From the conference the Chairs had the honor to hold with you on the 13th of February, on the subject of a
renewal

renewal of the Company's Charter, we were given to understand, that although His Majesty's Ministers did not deem it expedient to bring that subject under the consideration of Parliament in the session then preceding, it might, in their opinion, be proper to prepare for the agitation of it in the next following one.

We now, therefore, by the authority of the Committee of Correspondence, whom the Court of Directors have empowered to conduct the details of negotiation on the subject in question, beg leave to state to you, that, in their opinion, it is desirable the discussion concerning the renewal of the Charter should be brought on in the ensuing session, both on account of the general situation of the Company's affairs, and also on account of the particular pressure on their finances (arising chiefly from the transfer of certain sums of the Indian debt to England) which we have already had the honor to represent to you and to Lord Harrowby, and which renders necessary such an application for public aid, as may, of itself, be expected to lead to a general consideration of the Company's affairs.

We therefore take the liberty to propose, that the discussions between you and the Court, on the subject of the Charter, be resumed, from the point at which they were left by the letter the Chairs addressed to you, under date the 13th January last.

We have the honor to be, Sir,

Your most obedient humble servants,

(Signed)

CHARLES GRANT,

WILLIAM ASTELL.

The Rt. Hon. Robert Dundas,
&c. &c. &c.

LETTER from the Right Honorable LORD VISCOUNT MELVILLE to the CHAIRMAN and DEPUTY CHAIRMAN, dated the 17th December, 1811.

Gentlemen, *India Board, 17th December, 1811.*

Understanding from you, that it is the wish and opinion of the Court of Directors, that a proposition should be submitted to Parliament in the course of the next session, for continuing to the East-India Company, for

for a further term, their privileges of exclusive trade and the government of the British territorial possessions in India; it will be necessary, before I can proceed with you to the discussion of that question in all its details, that certain preliminary matter should be again brought under your consideration.

In a letter which I addressed to the Chairman and Deputy Chairman, on the 28th December 1808, the outlines of such a system, in regard to the trade between this country and the East-Indies, were stated, as His Majesty's Government at that time were willing to propose to Parliament. In a reply to that letter, dated the 13th January 1809, detailed reasons were urged, for the Court of Directors declining to "advise their constituents to seek a renewal of their Charter, on conditions which" (as asserted by the Chairman and Deputy Chairman) "would despoil it of all its solid advantages, deprive the Company of their most valuable privileges, and incapacitate them for performing for themselves and the nation, the part hitherto assigned to them in the Indian system."

I do not feel it requisite, in this stage of the business, to enter upon a minute examination of the arguments from which that conclusion was drawn. Many of them have reference to possible dangers, which might arise from a system of trade wholly unrestricted; against which dangers, however, it was expressly admitted in my letter, that it would be essentially necessary to guard. A considerable portion of their reasoning, also, would lead to the inference, as a general proposition, applicable to all cases of foreign and distant trade, that a monopoly was more beneficial to both countries than an unrestrained commerce; and that the facilities intended to be afforded to private trade with India, by the Act of 1793, were inexpedient and impolitic. There are several statements in the letter, in which I fully concur; but it is unnecessary to advert to them at present, because, if the Court of Directors adhere to the above-mentioned determination, I cannot hold out to you the least expectation, that His Majesty's Government will be disposed to depart from the proposal contained in my letter, or that they will concur in any application to Parliament, for the continuance of a system of trade, conducted under all the restraints now imposed upon it, and for the permanency

manency of which the Court of Directors have so strenuously contended. If they are willing, on the other hand, that the ships as well as goods of private merchants, may be admitted into the trade with India, under such restrictions as may be deemed necessary, I shall be ready to discuss with you all the other details of the system.

There are two points, however, of considerable importance, which are adverted to in the above-mentioned letters, and on which it may be advisable that I should state to you shortly what occurs to me.

The first relates to the transfer of the Company's army to the Crown; a measure which has been frequently suggested by persons intimately acquainted with the military concerns of the Company, and whose opinions are entitled to great consideration. It is impossible, however, not to admit, that several weighty objections to such a change are stated in the letter of the 13th January 1809. Events which have since occurred must, also, have an influence in deciding this question, and may possibly suggest the expediency of adopting other measures for promoting the discipline and efficiency of the army in India. Further discussion on this subject may be deferred till a future opportunity, and any arrangements which may be deemed proper can be carried into effect, without having recourse to special legislative enactments.

The other point to which I allude, is the proposition for enabling the Company to meet the heavy demands which were then expected, and which, to a certain extent, have since come upon them, by the transfer of their Indian debt to this country. All uncertainty, as to the possible amount of those demands, is now removed; and the period, I should hope, is arrived, to which, during some years, we have looked forward with anxiety, for providing out of the Company's own resources, without any pecuniary aid from the Public, the means of enabling them to satisfy all the claims of their Indian creditors. The sanction of Parliament will probably be necessary for carrying into effect any arrangement for that purpose; and if the Court of Directors are willing that these discussions, on the renewal of the Charter, shall proceed, in so far as relates to the question of the trade, on the principle to which I have adverted, I shall be ready to receive

receive from you any suggestions you may have to offer on the subject of the debt, and on the mode by which you propose that funds for its liquidation shall be provided.

I have the honor to be, Gentlemen,

Your most obedient humble servant,

(Signed)

MELVILLE.

The Chairman and Deputy Chairman
of the East-India Company.

LETTER from the CHAIRMAN and DEPUTY CHAIRMAN to the Right Honorable LORD VISCOUNT MELVILLE.

My Lord, *East-India House, 4th March 1812.*

We duly received and laid before the Court of Directors your Lordship's letter of the 17th of December last. We trust that the great importance of the matter contained in it will explain, in a satisfactory manner, to your Lordship and to His Majesty's Government, why an answer has not been prepared at an earlier period.

By that letter we think it is to be understood, that His Majesty's Ministers have made up their minds, not to hold out to the East-India Company an expectation of their being disposed to concur in an offer to Parliament of any proposition for the continuance of the present system of trade with India, at the close of the term limited by the Act of 1793, which is now nearly expiring, without a previous consent, on the part of the East-India Company, as the basis of such concurrence, that the trade with India shall be extended to the ships, as well as goods of private merchants, under such restrictions as may be deemed necessary: but that His Majesty's Ministers are of opinion, with respect to the subject of the Indian army, that the idea which was held out in your Lordship's letter of the 28th December 1808, relative to the transfer of the Company's army to the Crown, will not be contended for; and that, upon these grounds of understanding, your Lordship will be prepared to receive from the Court of Directors any suggestions which they may have to offer on the subject of the Company's debt, and upon the mode by which the Court propose that funds for its liquidation should be provided.

From

From the terms in which the first proposition, respecting the trade with India, has been brought to the notice of the Court, they conceive that it is intended, on the part of His Majesty's Government, to preclude the Court from any further agitation of a question already so fully discussed. The Court, indeed, cannot avoid considering this as the obvious interpretation of your Lordship's letter, respecting a point upon which, perhaps, it might be out of their power to offer any arguments, not contained in the letter of the Chairs to your Lordship, of the 13th of January 1809.

Whatever opinion, therefore, the past experience and daily observation of the Court may have justly induced them to form upon this subject, or however incontrovertible they may believe many of the arguments to be, that are made use of in the letter of the Chairs to your Lordship, to which they have referred, they think it their duty to state, that if this alteration be made an indispensable condition, on the part of His Majesty's Ministers, of their proposing to Parliament the renewal of the Company's privileges, the Court will, though reluctantly, offer this measure to the consideration of the Proprietors, with whom alone the power rests of consenting to such a fundamental change in the constitution of the Company. But they must, at the same time, beg leave, in the most unequivocal manner to declare their conviction, that though this alteration may, and probably will, be attended with many serious inconveniences to the whole frame of that Government, which, whatever opinion may have been formed of its imperfections, has, beyond all dispute, acquired and maintained for Great Britain a paramount, and almost undisputed sovereignty in the East, it will not give to the nation those commercial advantages, which it has been the habit of many of the commercial interests of this Country to contemplate.

The Court, however, hope it will be understood by your Lordship, that they have entertained this opinion, not upon the narrow, and now justly exploded ground, which they are sorry to see has been imagined by your Lordship to exist, that the Company have ever considered a monopoly to be more beneficial in all cases of "*foreign and distant trade, than an unrestrained commerce,*" but upon the conviction with which they have been impressed

that an exclusive trade with India is the only one really applicable to the maintenance of the public interests with that country, interwoven as that trade is with the very frame and integrity of those possessions, and resting, as it does, upon many highly important considerations, which are, in no wise, applicable to other commercial establishments.

In support of these opinions, the Court beg leave to enclose abstract copies of the Accounts (A and B), which have been called for, and laid before the Committee of the Honorable House of Commons upon East-India Affairs, established in 1808, and continued to the present time, which they imagine will afford a fair representation of the trade in bullion and in goods carried on with India, as well by individuals as by foreign nations ; and these accounts will, they trust, establish, in a conclusive manner, the correctness of the sentiments entertained by the Court respecting this trade.

In communicating, however, those sentiments of reluctance, by which the determination of the Court to submit the proposition in question to the Proprietors of East-India Stock is accompanied, the Court hope it will be clearly understood, that this determination arises from a presumption, that such military powers as are now vested in the Company will be left unimpaired, which can alone induce them to entertain an expectation of their being able, in a manner satisfactory, either for the Company or the Public, to perform the part which has hitherto been assigned to the Company in the Government of a distant empire ; and also, that such regulations will be adopted, as will prevent the highly dangerous intercourse of Europeans with the East ; and that such arrangements will be made, in respect to pecuniary matters, as will enable the Company to meet with confidence the present state of their affairs. The Court also hope, that in the extension of the trade which the Company now enjoy, His Majesty's Ministers have not had in view the hazardous experiment of dispersing, over all the ports of England and Ireland, a trade now brought, with so much advantage, both to the Company and the Public, to the single port of London.

If the private intercourse with India should, in future, be extended, it may naturally be expected, that upon the
return

return of peace, a number of British seamen will be thrown out of employ ; and the Court are apprehensive that such an intercourse, carried on through the medium of Indian ships and Indian sailors, relaxing as it would do the spirit of the navigation laws, which have always been considered to be the basis of the maritime strength of this country, may be viewed by the nation with extreme alarm, and will probably give rise to many disorders. The Company's papers and offices might furnish material information, by which the relation of the Indian trade with the navigation system could be appreciated, and the Court, if it should be thought likely to be of public utility, are ready to have that information collected ; but without such call, and without pressing their reasons at length, either upon your Lordship or the other Members of His Majesty's Government, they will content themselves with the declaration they have already made of their opinion upon this subject.

The Court are desirous of taking this opportunity to offer some remarks, and to answer, in a cursory manner, part of those public accusations, which have been so assiduously urged against the East-India Company, and against the further continuance of a system, which, they hope, will appear to rest, not upon the grounds of individual interest, but upon the firm basis of national advantage.

Whatever opinions the Court may deliver, upon a subject in which they are manifestly interested, will doubtless be received with circumspection ; but the Court think, that they may be allowed, and with justice upon the present occasion, to assert, that the leading disposition of their minds is, to preserve the empire obtained in India to the parent state.

The first, and the most prominent of the charges, which have, at various times, been brought against the Company, is the repeated calls which they are accused of having made upon the public, for money for the prosecution of ruinous concerns ; as if they had dissipated large sums in useless and improvident undertakings. Upon this head it may be sufficient for the Court to observe, that their commercial affairs (and to those alone was the Company's management restricted) have been invariably attended with success, as they are prepared to shew, if the proof should be called for ; and that these advantages

have been sufficient to allow of a moderate dividend to the Proprietors of East-India Stock. Over and above this dividend, a surplus sum has been applied, arising from this source, towards the extension of that territory, the acquisition of which has been under the immediate direction of His Majesty's Ministers.

But the Court are persuaded, that the magnitude of the affairs which the Company have had to manage, has been little known and little attended to, otherwise it would, at once, have been seen, that one of the principal difficulties with which the Company have had to contend, is a capital, not in any respect equal to the great extent, variety, and importance of those affairs.

The disbursement of the Company upon the single article of commerce in goods and wares, &c. or of articles necessary for its management, a disbursement of sums going from and returning to the Company, from one moment to another, was, at the close of the year 1811, not less than about £14,817,678

To this must be added, the amount of advances in India and at home, for stores of various kinds, applicable to the purposes of Government, and in constant use for military equipments, &c. ; of cash, arms, &c. ; and of debts due to the Company from various states and princes, &c. ; and other articles, making, at the close of the Indian year 1810, about 21,282,279

If to these sums be subjoined the absolute expenditure made by the Company, for the acquirement of a territory, with forts, ammunition, &c. and the actual purchase of many factories and territories, building of docks, purchase of forests, &c. including a considerable sum which has been paid by them, at various times, to the Public, or disbursed for expeditions, and the maintenance of captures afterwards surrendered up to the enemy, *viz.* 15,032,170

They form altogether an aggregate of £51,182,127
Aggregate

Aggregate disbursements brought forward £51,182,127

The capital of the Company is:—

In money advanced by the ad- venturers, about	£7,780,000	
And they receive from the aid of bonds at home	7,000,000	
And from other contingent credits, at home and abroad, about	7,787,953	
Together	<u> </u>	22,567,953

Leaving a balance of £28,614,174

Constituting, at this moment, a permanent debt in India and in Europe: (See C.)

This aggregate of £51,182,127, a part of which sum only has been employed upon the territorial acquisitions of the Company, forms an outlay, beyond the capital of the Company, of so large an amount, as to make it more matter of wonder, how the Company have hitherto been able to carry on the concern at all, than to render it extraordinary that they should have been constrained, respectfully and at various times, to represent the urgency of their affairs, and to press upon the Public for the mere return of those sums, which had been fairly expended by the Company abroad for the public service; a return which has never yet been granted to the Company, to the extent to which, in justice, it ought to have reached. In every war which has taken place since the Company became possessed of the territorial acquisitions, large sums of money have been expended in capturing the settlements of the French, Dutch, and Danes, and heavy expenses incurred in keeping the same, till the political views of the Public occasioned these settlements to be restored, in return for other objects, in which the Company had no particular interest. The Company have also been compelled to pay part of the expense of capturing and maintaining an island, afterwards reserved for the exclusive benefit of the Crown; to disburse a considerable sum for a force, of which the Public have derived all the benefit at home; and even to contribute to the Egyptian expedition, the whole of which expenses the Company have always thought ought to have fallen upon the State.

This

This large and necessary outlay, in fact, now constitutes the source of the Company's embarrassment. A considerable part of the money raised in India upon periodical loans, to meet this outlay, has (as your Lordship well knows) by the terms of these loans, which made them payable, if required, in England, and in consequence of a general reduction of interest from eight to six per cent., been at once thrown upon the Company for immediate payment in Europe; a sum which, without the aid of Parliament, it is impossible for the Company to discharge.

Of this large expenditure, sanctioned, and in many cases specifically directed by the Ministers of the Crown, it may with justice be asked, what part has been incurred for the partial or exclusive advantage of the Company? —It is evident, that the whole concern has been begun and continued by private exertions alone; nor have the Proprietors received, by any means, an adequate recompence for those exertions: they have scarcely derived more benefit than the common interest of money. And if India be an object of regard to the world, the Company may have the satisfaction of thinking, that they, at their own risk and expense, have rescued it from contending Nations, and may claim the merit of having laid it at the feet of their country; acquired and preserved, it is true, at a great pecuniary expense, and by such abilities and such exertions, both civil and military, as not only to reflect the highest credit upon the East-India Company, but also to raise, as the page of history will testify, the national character. They venture to hope, that when all the great political relations of this acquisition are considered, the price paid for it will not be deemed as out of proportion to its intrinsic value.

The wisdom of Parliament will, the Court make no doubt, be applied to preserve what has been so acquired, and finally do justice to those, at whose risk it has been obtained; and not be induced to barter positive, and very large immediate advantages, against speculative notions and theoretical plans.

In the second place, it has been often urged, that the Company have been favoured, during these exertions, with an exclusive trade, and that the nation has thereby lost an opportunity of extending their commercial enterprises over a large quarter of the globe. It is true, that the

the Company have been favoured with this exclusive trade; but it may fairly be asked, would India have belonged to Great Britain if this exclusive trade had not existed? That this trade would have been of greater magnitude in the hands of individuals, is yet a matter that remains to be proved: but it is obvious, that during part of the above period, *viz.* from the year 1768 to 1812, the Public have received, in direct contributions from the Company, a sum not falling short of £5,135,319, as will appear by the accompanying Account (D).

With respect to the immediate produce of this trade to the Public, the Court believe it will bear a comparison with that arising from any other distant possession. It produced last year to the Public the large sum of £4,213,425 (E), *viz.* in customs £759,595, and in excise £3,453,830; and though this return to the Public be larger, as the Court have reason to think, in respect to the capital employed, than the return from any other trade, it has, at the same time, been collected with a facility unknown to other concerns; an advantage which has been obtained, partly by the progressive enactment of regulations the fruit of many years experience, and partly by the concentration of the trade in a single port, and the prevention of smuggling, which has been the consequence of it.

But what has never yet been fairly estimated in the existence of the East-India Company is, that the whole of these returns have been brought into the exchequer of the Public, without the Public having been called upon for any direct contribution for the preservation of the source from whence they have had their rise, whilst the possessions of the Crown, in every quarter of the globe, have drawn from them a considerable sum for their support in troops. What has been saved to the State has thus, the Court conceive, been gained by the Public, and would amount, as the Court are satisfied, in only twenty years, to a sum of a very great magnitude. From the Navy, indeed, the East-India Company have received important assistance; but such assistance, it must be recollected, has been afforded to them only in common with the rest of His Majesty's subjects.

That the trade of the Company has been highly beneficial to the Public, in affording a nursery for seamen in time of war, and employment for them in time of peace,
and

and that the Company's maritime service has contributed materially towards those benefits, cannot, the Court apprehend, be doubted; nor that the fortunes of individuals, acquired either in the service of the Company, or by their industry and exertions under the Company's protection, have gradually contributed to the accumulation of that public stock of national wealth, which has enabled this country to stand, almost alone, against the united exertions of nearly all Europe.

Having offered these cursory observations upon matters of such obvious importance, we are directed by the Court to state, that as the pecuniary arrangements necessary for the support of the Company cannot, with propriety or with effect, be made the subject of correspondence, they beg to refer these points, as well as all those of inferior detail, of which there are a great many, to a personal conference between your Lordship and the Deputation of the Court, which had the honor to wait on your Lordship this morning.

We have the honor to be, My Lord,

Your Lordship's most obedient humble servants,

(Signed) JACOB BOSANQUET,

HUGH INGLIS.

The Rt. Hon. Lord Viscount Melville,

LETTER from the Right Honorable LORD VISCOUNT MELVILLE to the CHAIRMAN and DEPUTY CHAIRMAN.

Gentlemen, *India Board, 21st March 1812.*

I have delayed answering your letter of the 4th instant (received the 6th) until I could transmit to you, at the same time, replies to the several propositions brought forward by the Deputation of the Court of Directors, at our conference on the 4th instant.

In submitting to you these observations, however, I beg to be distinctly understood, as conveying to you only the present sentiments of His Majesty's Government on the several points to which the propositions relate. Public discussion on such an important question, may possibly produce an alteration of opinion on some of the details; and though the subject has been fully considered, it may be deemed necessary;

cessary, in the further progress of the measure, to propose, on some points, regulations of a different description from those which are suggested in the enclosed observations.

The Court of Directors are perfectly correct in supposing that it is now, as it has been for a considerable time past, the fixed intention of His Majesty's Government, to withhold their concurrence from any proposition which might be submitted to Parliament for continuing to the East-India Company their privileges of exclusive trade on their present footing. It is unnecessary now to discuss, whether the provisions of the Act of 1793 (by which the Company's monopoly was so far relaxed, as to admit the goods of private merchants to be conveyed in the Company's ships) have in any degree fulfilled the expectations or intentions of the Legislature. It will not be denied, that the facilities granted by that act have not been satisfactory, at least to the merchants, either of this country or of India. They have been the source of constant dispute, and they have even entailed a heavy expense upon the Company, without affording to the Public any adequate benefit from such a sacrifice. You will do me the justice to recollect, that in all our discussions on this subject, both recently and on former occasions, the admission of the ships of merchants in this country into the trade of India, in concurrence with those of the Company, has never been urged as a measure, from which much immediate benefit would, in my opinion, be derived, either to the country or to the individuals who might embark in the speculation; and I certainly am not without considerable apprehension, that, at least on the first opening of the trade, the public expectation, as to the British territories in India affording any considerable outlet for British manufactures, beyond the amount of our present exports, may be disappointed. On that admission, however, and on the necessity of guarding against the unrestrained intercourse of Europeans with the territories of the Company, or of the native States in India (in which also I fully concur), nearly the whole of the arguments adduced by the Court of Directors against any opening of the trade are founded. But it must be recollected, that in determining the question, as to continuing the whole or a part of the Company's monopoly, it will be the duty of Parliament to consider, not merely whether it may be safe to prolong it, but whether it may be unsafe to abridge or abolish it. As far as relates to the trade with India, and several other countries included within the limits

of the Company's Charter, the Court do not appear to have succeeded in establishing the proposition, that any detriment will arise to the public interest, either in this country or in India, or ultimately even to the interest of the Company themselves, from the introduction of private adventurers. If the Company carry on their trade more expensively and with less activity and industry than private individuals, it is unjust to the country, as well as to the inhabitants of British India, that the exclusive monopoly should be continued; and in such a state of things, the trade is more likely to be advantageous to the country, and beneficial to the individuals in their hands, than in those of the Company: but if the latter shall conduct it with skill and enterprize, and with due and untempering attention to economy, the extent of their capital, and the superior facilities which they must continue to possess, of providing their investment in India at the cheapest rate, will undoubtedly afford them the means of successful rivalship with all other competitors.

In adverting, in your letter of the 4th instant, to the statement contained in mine of the 17th December, on the proposed transfer of the Company's army to the Crown, you do not appear to have understood accurately the purport of my suggestion. I entertained no doubt, as to the expediency of continuing to the Company's Governments in India the supremacy of their military, as well as civil authority: but though various regulations may possibly be necessary, with a view to promote the discipline and efficiency of the army in India, I am not aware, that any legislative enactments are requisite, except as to the amount of force which His Majesty may be empowered to maintain in India, at the expense of the Company, and perhaps also some provisions, in regard to the relative powers of the Board of Commissioners and the Court of Directors.

In your letter of the 4th instant, you advert to the question as to how far it may be expedient to admit into the trade with this country, ships built in India and manned with Indian seamen. This is undoubtedly an important consideration, as it involves in it, to a certain extent, a departure from the principles on which the navigation system of this country has hitherto been conducted. As far as the East-India Company is concerned, it will probably be necessary to leave the matter on its present footing, during the continuance of the war; but if the trade with India is to be opened to all British ships, in the manner already pointed out, there

there seems to be no sufficient reason for breaking in upon the system of our navigation laws, by permitting any other than British ships, with a due proportion of British seamen, to import colonial produce into the United Kingdom.

I have not thought it requisite, in this letter, to trouble you with any observations on several points adverted to in your's of the 4th instant, which are also noticed in the enclosed paper of hints and of replies to the several propositions. I shall abstain, also, from any remarks on the calculations detailed in your letter, and which are introduced more with the view, as I conceive, to vindicate the Company in their past management of the exclusive trade to India and the government of their territorial possessions, than to any practical results to be derived from your statement, in relation to the matters at present in discussion between His Majesty's Government and the Court of Directors. The Committee of the House of Commons on East-India Affairs have already submitted to the House detailed statements on that part of the subject, and in any further reports which they may present they will probably complete the investigation.

I am, Gentlemen,

Your most obedient humble Servant,

(Signed)

MELVILLE.

To the Chairman and Deputy Chairman
of the East-India Company.

*HINTS submitted to the
Consideration of the
Rt. Hon. LORD MEL-
VILLE by the DEPUTA-
TION of the COURT of
DIRECTORS, the 4th
March, 1812.*

*LORD MELVILLE'S OB-
SERVATIONS on the
Hints submitted to his
Consideration by the
DEPUTATION of the
COURT of DIRECTORS,
21st March, 1812.*

That the renewal of the Charter shall proceed upon the basis of the Act of 1793, and that no greater extension of the trade shall be granted than what was allowed by that Act; but the Deputation are ready to recommend

*Hints.**Observations.*

commend to the Court of Directors, and ultimately to the Court of Proprietors, to admit such modifications as may be deemed necessary to give greater facilities to the private trader.

1st. No British or Indian ship to sail, directly or circuitously, from a British port in Europe to China.

2d. No British subject to be permitted to reside in China, without the Company's licence.

3d. No goods, the growth or produce of China, to be imported into any of the ports of the United Kingdom, except by the East-India Company.

4th. The power of levying duties in India upon British subjects, and the subjects of foreign nations, to be continued to the Company, upon the footing on which it at present exists; and the same power, with respect to British subjects, to be extended to the districts within the jurisdiction of the courts of Calcutta, Madras, Bombay, and Prince of Wales Island.

5th. Saltpetre to be considered as a political article, and to be confined exclusively to the Company.

1st, 2d, and 3d. It is deemed advisable, with a view to the security of the revenue and to other objects connected with the trade to China, to leave it on its present footing, and to guard, by proper regulations, against any encroachment on that branch of the Company's exclusive privilege.

4th. This proposition ought to be acceded to; with the reservation, however, that the Governments in India ought to be restricted from imposing new duties, without the previous sanction of the authorities in England.

5th. The Company are understood to have, in some degree, the power of regulating the internal trade of saltpetre in India; it appears, therefore, to be scarcely necessary to impose any other restrictions on the exportation of saltpetre from India, than such as may be deemed

Hints.

5th. The whole of the Indian trade to be brought to the port of London, and the goods sold at the Company's sales, and to be, as at present, under the Company's management.

7th. The three per cent. now paid to the Company by the private traders, for the warehousing and management of the private trade, to be increased to five per cent.

8th. No private ship to be permitted to sail for India, except from the port of London.

9th. No ship to be permitted to sail, except under a licence from the East-India Company. Ships obtaining this licence, to deliver one copy of their journals at the East-India House; and the licence to contain such clauses, as may be likely to prevent an unlimited or improper intercourse of individuals with India.

10th. Fire-arms, military and naval stores, to be prohibited articles.

11th.

Observations.

deemed expedient for political objects, especially in time of war.

6th. The adoption of the regulation suggested in this proposition, will probably tend to the security and advantage of the public revenue, in collecting the duties on all articles imported from the East-Indies and China, as well as other countries to the eastward of the Cape of Good Hope.

7th. The Company ought at least to be indemnified from the charges incurred by this management.

8th. There does not appear to exist any sufficient reason for preventing ships from clearing out for the East-Indies from other ports of the United Kingdom besides the port of London.

9th. It will be necessary, either by the regulations suggested in this proposition, or by others of a similar description, to guard against the evil therein described.

10th. It will probably be necessary to regulate the exportation of military stores to

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Observations.

11th. Existing restrictions, with respect to the article of piece goods, to be continued.

12th. It being desirable, as well for the Public as for the Company, that the quality of the silk grown in India should not be deteriorated, it is submitted that this article be confined to the Company.

13th. The ships of private persons to be subject to the same regulations, in respect to convoys, &c. as those belonging to the Company.

14th. No private ship to be permitted to sail, either from Great Britain to India, or from India to Great Britain,

the East-Indies, and also of naval stores in time of war.

11th. It is understood that the object of this proposition is to secure to the manufacturers of piece goods in India the continuance of regular and constant employment, under the same system of local management, for their benefit, which prevails at present. If that object is likely to be attained, without continuing the restrictions mentioned in this proposition, it certainly would be desirable that they should cease, except in so far as it may be necessary to regulate the importation of Indian piece goods, with a view to the protection of British manufactures.

12th. As no such restriction exists at present in the importation of silk by private merchants, and as the reasons which have hitherto been adduced, on the part of the Court of Directors, for establishing such a regulation, though entitled to much consideration, do not appear to be conclusive, it will scarcely be deemed expedient to agree to this proposal.

13th. This suggestion appears to be perfectly reasonable.

14th. It is understood, that this proposition is founded on a principle of guarding against the dangers to which vessels of

Hints.

tain, of a less burthen than four hundred tons.

15th. The Company to be subject to no obligation with respect to Exports to India, except in common with the private traders.

16th. The Lascars and Chinese sailors brought home in private ships to be placed under proper regulations. Not, upon any account, to be suffered to wander about the streets of London. Good treatment to be secured to them, and the Company to be enabled, by some summary process, to recover the expences to which they shall be subjected, in the event of neglect on the part of the owners of such ships in these respects.

17th. The Company to be indemnified for their unexpired engagements for extra shipping, provided for the accommodation of the private traders.

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of less burthen than four hundred tons would be exposed on a voyage to the East-Indies, and also of providing for the security of the revenue, which might be affected by permitting importations in smaller vessels. These reasons, though entitled to due consideration, do not appear to be sufficiently strong to justify the proposed restriction, or the making a distinction, in that respect, between ships trading to the East-Indies and to other countries.

15th. This seems to be reasonable.

16th. It will be necessary to provide, by proper regulations, for the care and maintenance of these persons, and for their return to the East-Indies.

17th. This proposal would be wholly inadmissible, unless it were limited to such unexpired engagements as do not extend beyond March 1814, when the Company's present term of exclusive privileges

18th. An unrestrained intercourse with India to be prevented, and the existing restrictions, with respect to residence in India, to be continued.

19th. The number of His Majesty's forces in India to be in future maintained by the East-India Company to be now fixed, and any troops sent beyond that number (except at the express requisition of the East-India Company) to be at the charge of the Public.

20th. The Company to be released from any future account with the Pay Office, and to be henceforward charged, either so much per regiment of a given force, or so much per man.

21st. The present heavy current and postponed demands of the Pay Office against the Company to be arranged upon some footing of general equity, and some advancement in settling this account

privileges will expire; but the public may fairly look to the Company to bear this burthen, as a compensation, to a certain extent, for the continuance of the exclusive trade to China.

18th. It will be indispensably necessary, for the purpose of guarding against the inconvenience herein alluded to, that the existing restrictions shall be continued, with such alterations as may be requisite, in the new system of trade.

19th. The number of His Majesty's forces to be maintained by the East-India Company may, without inconvenience, be limited, as herein suggested. It will be necessary, however, in consequence of the increased extent of the British territories in India, since the passing of the Act by which the number is at present regulated, that a considerable addition should be made to it.

20th. It will be necessary, that the present system of accounting between the East-India Company and the Paymaster General should be abolished, and new regulations enacted.

21st. These demands must necessarily be arranged on the principles suggested by the Committees of the House of Commons, who have reported upon the subject of the accounts herein referred to. If it

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account made to the share which the Company have been obliged to bear in foreign captures not retained by them, and to their having been constrained to maintain an European and native force, larger than what was required for the defence of the Peninsula, and other heavy expences.

22d. The Proprietors to be secured, as at present, in the receipt of their dividend of ten and a half per cent., upon the faith of which dividend the capital in 1793 was raised.

23d. The whole of the surplus of the East-India Company to be appropriated to a diminution of their debts, until the debts be reduced to the sum of ten millions sterling.

24th. The sum required by the East-India Company to liquidate the debt transferred from India to Europe, and becoming payable in

Observations.

it were necessary or proper, in discussing the future regulations which it may be deemed advisable to establish, respecting the affairs of the East-India Company, there would be no difficulty in demonstrating, that the amount of force maintained in India has not gone beyond what was requisite for the defence and security of the Company's possessions, and for other operations, intimately and inseparably connected with those objects.

22d. The Proprietors ought to be secured, as at present, in their dividend of ten and a half per cent.

23d. The whole of the surplus funds of the East-India Company, at home and abroad, ought to be applied, in the first instance, to the reduction of debt, till it is reduced in India to the sum of ten millions, and the bond debt at home to the sum of three millions, after providing for a proportionate increase of the capital stock of the Company, if they shall think fit to avail themselves of the power now vested in them by law to that effect.

24th. It is intended to submit to Parliament a proposition to that effect, or similar in substance.

1812 and 1813, to be funded by the Minister, the interest of which shall be regularly paid into His Majesty's Exchequer by the Company, together with any such percentage, for the gradual liquidation of the capital or redemption of the fund, as shall be deemed proper by His Majesty's Ministers.

The twenty-fifth article did not form a part of the propositions submitted to Lord Melville, but is now introduced by the Committee of Correspondence, and is as follows, *viz.*

25th. That, in order to give the utmost possible extension to the commerce of private merchants, and at the same time to secure the Company's exclusive trade to and from China, private ships be not permitted to go farther eastward than Point Romania, at the entrance of the China Seas, and to the northward not beyond the equinoctial line.

N.B. Should it be the intention of Government that private traders shall be excluded from the Spice Islands, the limits ought then to be for them not to go to the eastward of the Straits of Bally, nor to the northward of the Line.

25th. If the object adverted to in this proposition can be obtained by exclusion from the dominions of the Emperor of China, and a prohibition to import the produce of that country without license from the Company, it will be preferable to the mode hereinsuggested. There seems to be no reason for excluding the private trade from the Spice Islands.

At a GENERAL COURT of the United Company of Merchants of England trading to the East-Indies, held on Thursday, the 2d April 1812.

Minutes of the last Court of the 25th ultimo were read.

The Chairman acquainted the Court that it was assembled for the purpose of taking into consideration the papers which were laid by the Court of Directors before the General Court on the 25th ultimo.

It was then moved, and after a mature deliberation,

Resolved Unanimously, That this Court having perused the papers laid before them at the last General Court, desire to express the high sense which they entertain of the great ability, zeal, and fidelity, with which the Directors have maintained the interest of the East-India Company. They return them thanks for the powerful and convincing arguments by which they have shewn the danger which would await the British empire, from opening the trade of India, and the immense advantages which the nation has derived, in strength, revenue, territory, and character, from the capital and the exertions of this Corporation.

That although this Court will feel it their duty, on all occasions, to bow to the determination of the Legislature, they cannot but observe with extreme concern, that no proposition is suggested of an increased or further dividend, either now or hereafter, or advantage of any kind whatever, to the Proprietors of East-India Stock; notwithstanding the negotiation for the renewal of the Charter, in 1793, begun with a proposal for an increase of dividend of two per cent., which Charter opened the trade but in a limited and partial degree; and notwithstanding that, while such great and progressive advantages have been obtained for the public at large, the Proprietors themselves have made little more than common interest of their money. That now to be called upon to part with an undefined proportion of a trade thus established, and maintained hitherto at their sole expence, without any consideration for the same, seems to them to be wholly inequitable. Under these impressions, this Court confides to the Honorable Court of Directors the care of its interests in the farther negotiation for a new Charter, trusting to the justice of their fellow citizens, as well as to His Majesty's Government

and to Parliament, that they shall receive that liberal treatment, which they regard themselves as so eminently entitled to at the hands of their country.

And that the Directors be requested to report their proceedings, from time to time, to this Court.

That this Court cannot contemplate the essential change proposed in the constitution of the Company, by an unrestrained trade to and from India, without great concern and apprehension; not so much on account of the injury to which it will subject the Company in their commercial privileges and profits, as on account of the tendency which such a change must have to affect the system established by the Legislature, for the civil and political government of the Company's territorial possessions, whilst it is not at all likely to afford to the commercial interests of this country the advantages expected from it.

Should, therefore, the opening of the trade to India be the ultimate determination of Parliament, this Court cannot but express its hope, that all due care will be taken to accompany the enlargements which shall be given to individuals in the Indian trade, with such regulations as shall most effectually guard against the dangers to which those enlargements might expose the existing system of Indian administration.

Draft of a petition to the Honorable House of Commons was read

It was then moved, and on the question,

Resolved, That this Court do approve the above petition.

The Court then, on the question adjourned.

LETTER from the Deputation appointed by the Court of Directors to the Right Honorable the Earl of Buckinghamshire.

My Lord, *East-India House, 15th April 1812.*

The correspondence between the President of the Board of Commissioners, on the part of His Majesty's Government, and the Court of Directors of the East-India Company, on the subject of the renewal of the Company's Charter, having been laid before the General Court of Proprietors, we now, in consequence of the resolutions of that body,

body, propose to ourselves the honor of continuing the correspondence with your Lordship, and especially to reply to the letters of the late President, dated the 21st and 23d of March, and to his *Observations* accompanying the former of these letters.

In the first place, however, permit us to offer some remarks on the outlines of the negotiation, as far as it has hitherto advanced, and on the opposition which has begun to shew itself to certain propositions, respecting the necessity and importance of which His Majesty's Government and the East-India Company appear to have entertained similar sentiments.

It is manifest, from the letters written on the part of the Court of Directors, that they have contemplated with the utmost reluctance such an enlargement of the trade to India, as seemed to be desired by His Majesty's Ministers, because they believed that the commercial advantages expected from it to this country would not be realized, and feared that it might eventually endanger the security of the British possessions in the East. We must desire on the part of the Court of Directors, distinctly, and in the face of the country, to state this opinion, not as advanced without conviction, to serve a cause, but as the genuine result of such knowledge and experience as the Court possess, upon a subject respecting which they have better means of information, than any of those associations who are now eager to take full possession of the Eastern trade, and upon which also it is certainly material that the Public should form just ideas. We have, indeed, yet seen no arguments advanced, in answer to those reasons which the Court have offered against the opening of the trade, and particularly against the expectation of the great increase to be produced by such a measure in the exports from this country to India, and the imports thence. Lord Melville has signified his concurrence with the Court, in thinking that the public will be disappointed, at least at first, in this expectation, and though his Lordship has said, that "the Court do not appear to have succeeded in establishing the proposition, that any detriment will arise to the Public interest, either here or in India, or ultimately even to the interest of the Company themselves, from the introduction of private adventurers," we must beg leave to observe, first, that we cannot doubt, "the introduction of private adventurers," which his Lordship had in view, was less extensive than is now likely to be contended for by some portions of the public, and was connected, in his mind, with limitations

tations and restrictions in the conduct of the trade, which those who claim the largest opening of it exclude; and, secondly, that several reasons which the Court have urged, to shew that much detriment would arise from a general opening of the trade, remain unanswered, either in his Lordship's letters, or in any of the public resolutions we have yet seen. Until of late, the general language held on the subject of the Indian trade was rather that the merchants of Great Britain should be allowed to apply their industry to such branches of it, and to such ports of the Indian Seas, as the commerce of the Company did not embrace, than that they should invade the portion of the trade which the Company carried on. But now little is said about the advantages to be derived from adventures to the unexplored parts of India, and the objects likely to be most warmly contended for are not new accessions of commerce to the nation, but a transfer of much of these branches of trade, already carried on by the Company in London, to individuals in the outports. The large concessions it has required from the Company by His Majesty's Government appear only to have encouraged the merchants of the outports to make still further demands; regardless, as it would seem, of the political consequences that might ensue from a compliance with them, and apparently unaware, too, that the corporate capacity of the East-India Company is perpetual, and cannot be annulled, even if the qualified monopoly they have enjoyed were to cease.

We are confident, my Lord, it was not the intention of His Majesty's Ministers, that the East-India Company should be broken down and despoiled of those faculties, necessary to enable it to perform the important part assigned to it by the Legislature in the government of the British empire in the East, a part which probably it will be allowed to have performed well, and with more safety and advantage to the mother country, than any other system, hitherto thought of, could have done. The benefits accruing to that government by the reciprocal aids of revenue and commerce, the powers of which are united in the constitution of the Company, in a way peculiar to it, have been often seen and fully acknowledged, and were it necessary, it would be easy to enlarge upon them. These powers have now become so incorporated, that it is impossible to separate them, without essentially endangering the whole of a system that has proved in practice eminently useful. If, therefore, the commercial part of that system were now to be destroyed, the political func-

tions exercised by the Company would be so weakened, as necessarily to bring into view questions of the last importance to the safety of the British empire in India, and of the British constitution at home.

We hence assuredly rely, that the wisdom of Parliament, and the good sense of the nation in general, will resist those rash and violent innovations upon the system of the Company, which the merchants of different towns, proceeding upon theoretical ideas, and overlooking most material facts, now appear to intend, without any certainty, even of extending the commerce of this country, but to the unavoidable detriment of its political interests abroad and its financial interest at home.

It was in contemplation of dangers less immediate and alarming than the designs now avowed threaten, that the Court so earnestly proposed, that the renewal of the Charter should proceed, with certain modifications, upon the basis of the Act of 1793, which made the Company the medium of the enlargements of private trade: but having been forced to depart from this preliminary principle, which they still maintain consults the true policy of this country, and the sacrifice of which they may observe, by the way, inflicts great injury upon all the private interests and parties engaged in the Indian trade, as established by that Act, particularly on the commanders and officers of the Company's ships, whose professional merits are universally acknowledged, the Court are, however, perfectly satisfied, from the assurances already given by His Majesty's Ministers from the beginning, that any enlargements which may be given in the Indian trade shall be accompanied with such provisions, as will guard against the dangers to which such enlargements might otherwise expose the existing system.

Several of the precautions necessary in this view were suggested in the *Hints* submitted by the Deputation of the Court to Lord Melville, on the 4th March; and upon these, and the *Observations* made on them by him, we now feel ourselves called upon further to offer some elucidations to your Lordship.

(*Articles 1, 2, 3.*) On the very important head of the China trade, permit us, my Lord, to remark, that although the *security of the revenue* is doubtless a very fit consideration for His Majesty's Government and for Parliament, yet the Company do not understand that the continuance of their exclusive privilege in this trade is rested on considerations

tions of revenue alone, nor that it ought to be affected by any varying circumstances in that branch of the public affairs. The Company have the actual possession of the monopoly of that trade, which was given them for national purposes, and by the perpetuity of their corporate capacity must be more capable of maintaining it against the competition of private merchants, than those merchants would be to drive them out of it. But such competition would be ruinous to the public interests; for the Company already supply the nation with as much as it wants of China commodities, which are almost entirely used for home consumption, and exports woollens and metals of this country, to the amount of a million sterling annually, at a loss to themselves during war. By competition, the cost of teas, and other China articles, would be enhanced, the prices of our staples lowered there, and if individuals could possess themselves of the trade, the exports in those articles which they could not sell to profit would be lost to the country. A struggle, therefore, between the Company and individuals, could only produce ruinous consequences to both. The jealousy of the Chinese government, which now allows only one port of that vast empire for all its foreign commerce, and subjects the European residents at Canton to a confinement to their factories for six months of the year, and to banishment to Macao for the other six months, would undoubtedly take alarm at the ingress of indefinite numbers of unconnected Englishmen from Europe, and if it did not at once exclude them, would soon be induced to do so, by the disorders which would not fail to follow, and which are on the present limited scale of intercourse, prevented or palliated only, by the extreme caution and established usages of the Company's supra-cargoes. Thus the trade would be entirely lost to the country, and with it not only the export of a million of its manufactures annually, but a revenue of four millions, with the fleet of excellent ships now employed in that commerce, to the great inconvenience of the people at large, the ruin of particular classes, and the complicated injury of the state. The resort of American ships to Canton, without either hindrance from the Chinese or consequent disorder, affords no parallel to the case of an open trade from Great Britain and Ireland to China. Those Americans, few in number, carrying thither only silver, and carrying away silk cloths as well as tea, derived their reception and protection very much from the orderly English factory long established there, who have

have endured treatment from the Chinese government, to which no representative of His Majesty could submit. We are satisfied, therefore, my Lord, that such provisions will be introduced into the new Charter, as will effectually secure this great branch of trade to the Company and the nation, in the manner it has hitherto been enjoyed.

(*Article 4.*) We submit, that this observation ought to run thus: "This proposition ought to be acceded to; with the reservation, however, that the Governments in India ought to be restricted from" making any alteration in the rates of the duties sanctioned by the authorities in England, or that they may hereafter sanction.

(*Article 5.*) To the concession on this head, we wish it to be added, that the Company shall have a fair price for all the saltpetre they shall supply to the Government.

(*Article 6.*) As the confinement of the private trade to and from India to the port of London is an article of essential importance on the whole of the present question, involving the safety of the Company, it may be expedient, that we state somewhat fully the various and powerful considerations on which the propriety and necessity of the measure rest. These considerations relate to the usages resulting, unavoidably, from the nature of the Company, which for political, as well as commercial purposes, it is so material to preserve; from the law of the land, the existing rights of individuals; the convenience of the re-exportation of Indian commodities; and the security of the public revenue.

From the first institution of the East-India Company, they have used the port of London only; and the practice of selling their imports by public auction only, is also almost coeval with the Company.

The utility which dictated the first of these practices is obvious; a little consideration will shew the other to be yet more necessary. If private bargaining and trafficking with individuals, and from day to day, were allowed in the sales of the great imports of the Company, how many doors would be open for collusion, imposition, and abuse! It would be impossible the business could go on in that way, and the very liability of it to suspicion, would be enough to destroy the confidence of the proprietors and the public. Besides, the importations of the Company coming in, as it is stated seasons, it suited the convenience of all parties, that the sales should also be only at stated seasons, and

public, which would afford the opportunity to buyers to resort from all parts, foreign as well as domestic, to those sales.

In the ninth and tenth years of King William the Third, the Legislature interposed to prohibit the sale of East-India goods, otherwise than by public auction; and in the next year of that prince it was also enacted, that East India goods should be sold only in London. Thus the law at present stands.

The immediate object of the legislature, in these enactments, appears to have been the security of the revenue, then appointed to be derived from the customs laid on Indian goods imported: And nothing so effectual could be devised for that security. To bring the imports to one place; to have them lodged under the keys of the Government officers; to have them sold publicly, in the presence of those officers; and, finally, to have the duties, thus carefully ascertained, collected through the medium of the Company, with hardly any charge: the whole of this practice is the most complete provision that can be imagined, against defect, fraud or expense, in realizing this branch of revenue to the public.

But if this was material in the time of King William, when perhaps the revenue from East-India goods, including China, did not exceed £100,000, how essential must it be at present to the State, when that revenue exceeds four millions!

With all the care now taken, and when London is the only lawful place of importation, it is well known that teas, shawls, silks (prohibited, for the encouragement of our own manufactures), and other articles, are at the present time, to some extent, smuggled on shore from the East-India ships, notwithstanding the penalties of the law; and when, in addition to the legal penalties, the offending parties, if the Company's servants, are liable to further fines and mulcts on all illicit trade. But the hope of evading the heavy duties will ever continue to operate on persons, who look no further than their own immediate profit or convenience.

Every deviation from the established usage would so far destroy its simplicity and efficiency, and open the way to abuses. Suppose the importations to be allowed to go only to one outport, a new establishment, new expence, new trouble, would be created, and a channel opened for smug-

gling, fraud, and abuse. What would it be, then, if several outports were opened for the landing and sale of Indian and Chinese goods?

But this still supposes the Company, either for itself or for private traders, to be the only medium of importation. If, however, all individuals were to be allowed to import, and into all the ports of the United Kingdom, especially if it were allowed to employ ships of small burthen, which drawing little water, could run into obscure ports in the remote parts of England, Scotland, and Ireland, where would be the practicability of any safe control? Legions of Custom House and Excise officers must be appointed, at a very great expense; and after all, where the duties are so high as they are, especially on the articles of tea, silk, and fine muslins, smuggling without end must be expected. If private ships were allowed to go to the Eastern Islands, they could find means to procure tea; and if also allowed to return to the outports, smuggling in that article would be by far the most gaining trade.

At present the duties upon East-India goods are collected and paid in London, at a very small expense to Government, and to the full extent to which they ought to be paid. This follows, because the value of the goods is ascertained by competition at the Company's sales. Were every port to have its India House, where would be this general competition? The same goods which pay the duty *ad valorem*, would be liable to one amount of duty at Fowey, to another at Dublin, to a third at Port Glasgow; all differing from each other, and from that paid at London. There would be no remedy for this inconvenience, whatever may be said by interested persons to the contrary. The endless variety of Indian commodities, renders it impossible that they should generally pay what are called *rated* duties, of so much per piece, or so much per yard. Pepper may pay a fixed sum by the pound, and sugar by the hundred weight; but the staple article of piece goods, and many others, must ever be rated by the value, quantity being no just criterion.

It therefore follows, from what has been above observed, that were the trade to be carried to the outports of the United Kingdom, the revenue drawn from Indian goods must be greatly diminished, and the charges of collecting it greatly increased.

Let it be next inquired, what would be the effect of such a change on different interests; the persons already

possessed of valuable property employed for the Indian trade, the exporters of India commodities from this country, and on the East-India Company itself?

The City of London, in their corporate capacity, as conservators of the Thames, and all classes of persons in the metropolis, who are engaged in the building and outfit of ships, in the carriage, warehousing, sorting, buying, and selling of the Company's goods, have also a direct interest in the present discussion.

The East-India Dock Company have likewise a very great and obvious interest in keeping the Indian trade in the Port of London.

With respect to the re-export trade in Indian commodities, at least three fourths of the imports from India have hitherto been for the supply of the continental markets. The foreign buyers repose confidence in the regularity and publicity with which the Company's sales are conducted. When the trade was solely in the hands of the Company, the particulars of their cargoes were published immediately on the arrival of the ships, and distributed all over the continent. Notices of the quantities to be sold, and periods of sale, were also published for the like distribution. The sales of each description of goods were made at stated periods, twice in the year. The buyers, of course, knew the state of the market at the time of coming to the sale, and the purchases were made under an assurance, that no more goods, of such description, would be disposed of before the next sale. Hence they had a certainty of the market for six months. This established a solid confidence, which very much benefited the sales. Such confidence has, no doubt, been much weakened since 1793, when private persons were partially admitted into the trade. The chief object of the private trader being, as it always must be, to obtain prompt sales to meet the payment of bills, East-India goods are frequently resold, while they remain in the Company's warehouse, merely by a transfer of vouchers. The goods, when so sold, will produce from five to ten per cent. more than when in the hands of individuals. This is particularly the case as to drugs, which are subject to great adulteration.

The confidence that has been entertained of the Company's regularity and fair dealing has been such, that the foreign buyers have given their orders to their correspondents in London, on the faith merely of the descriptive marks; and

goods, on their arrival on the Continent, frequently pass through various hands, before they are finally unpacked.

By the mode proposed, it is to be feared the foreign buyer will cease to be at any certainty as to his purchases and the quality of the commodities, and this may, eventually, lead foreigners to look directly to India, for the supply that has hitherto been furnished through the medium of this country.

To speak now of the effects of the proposed change upon the interests of the Company. And first, with respect to the East-India trade, properly so called, as contradistinguished from the imports from China. If the mode of private sale of Indian goods in every town in the kingdom were introduced, would not the stated and the public sales, to which the Company are restricted, be continually anticipated, and consequently the supply of the foreign markets be so also; though on the whole, these markets could not take off more? Could these sales, then, secure a general assemblage of buyers? Could it be reckoned upon, that the Company's goods would go off, as they usually have hitherto done, at the sales? Could the prices be expected to indemnify the Company, when the market should be lowered by the necessity or impatience of private importers? Could the realization, in money, of the Company's Indian imports be depended on: that realization, so necessary to the finances of the Company? and if not, how could the currency of their affairs be preserved? how could they pay for exports to India? how could they maintain the fleet of ships they now employ in their Indian commerce; a fleet so necessary for the transportation of troops and stores and warlike services in India? And if the Company's Indian commerce failed, and so much of the Indian imports were transferred to outports, what must become of many of the Company's wharfs, warehouses, and other articles of dead stock, formed at a vast expense, in consequence of this Indian trade? And where would be the benefit to the nation by the change? Would it be any thing else but transferring to Bristol, Liverpool, Glasgow, and Dublin, that which London now has? Would it be really any accession of benefit to the empire at large? And what, to look towards India, would be the effect of an unlimited trade from the outports of Great Britain and Ireland to all those regions? Would it be possible to enforce the regulations which His Majesty's Ministers think absolutely necessary, for preventing an uncontrolled intercourse

intercourse with the East, and for averting the evils that would ensue from it?

These questions, to add no more, ought to be very clearly and satisfactorily answered, before so great a change is attempted, before an order of things that has subsisted so long, and done so well, is subverted and destroyed. If great and sudden innovations ought, at all times, to be regarded with caution and distrust, surely ought those in particular, which are proposed by men for their own immediate advantage.

But what are the arguments with which the merchants of the outports may be supposed to enforce their claim? Natural right;—the freedom of trade; allowing every man to carry on his own business in his own way; the odium of the principle of monopoly; the disadvantage with which they would carry on the trade, if they were obliged to bring back their ships to London, instead of their own ports; the disadvantage to the country consumers.

To all this it may be replied, that supposing the whole true, are these arguments of weight and value sufficient to overturn the present long established system of the Company, and to endanger so large a portion of the public revenue? As to the arguments from natural right, &c., such arguments must always be limited by considerations of practical good. The only practical arguments that occur in favor of the outports, are the advantage to the merchants themselves and to the country consumers. Now what is the amount of this advantage? Let it not be forgotten, that at present it is problematical, at least, whether any great Indian trade can be established by the private merchants; that, at any rate, the chief part of Indian goods imported into England is intended for re-exportation; that London is the fittest port and mart for the foreign trade, especially since the Warehousing Act; that there is really little consumption of Indian goods in the interior of this country; and that if no great accession of trade should be brought to the country by the private merchants, then they will have sacrificed the existing system, without obtaining even the object for which the sacrifice was made.

It may perhaps be said, that the Hudson's Bay Company has public sales, and that yet there are sales on account of individuals of the same articles the Company import. But this will form no parallel case as to the *Companies*,
nor

nor is there any great question of *revenue* concerned. The only article imported by the Hudson's Bay Company is *furs*. The sales of this article, on private account, are also by auction, and it is believed confined to London. The whole is comparatively a small affair, and can be of no weight in the present question.

Upon the whole, therefore, it seems most certain, that on such slender grounds, with respect to advantage (and advantage as before mentioned only to be taken from London for the outports), with so little certainty of establishing any great trade to or from India, with such imminent hazard to the East-India Company and to the revenue, it would be contrary to the prudent policy which this nation has generally observed, and most unwise in itself, to venture upon so great an innovation, some of the effects of which were pointed out to the President of the Board of Commissioners three years ago (printed papers, page 30), effects, which, by his silence, he seems to have admitted: and, in a word, it may be apprehended, that they would amount to the destruction of the Company's Indian trade, their Indian commercial establishments, their Indian shipping, and finally leave the China monopoly so insulated and unsupported, as to bring that also, at length, to its fall, and with it, the whole fabric of the Company, and the great revenue now so easily realized through its medium; nor can it be at all doubted that, in such case, the China trade would also be lost to the nation.

It is not irrelevant to this subject to advert to a passage in the history of the Dutch East-India Company, under the year 1602. "The plurality of East-India partner-ships or societies, at this time, formed in Holland, creating much disorder and clashing in that commerce, the States-General summoned before them the Directors of all those Companies, and obliged them to unite, for the future, into one, to which United Company the states granted the sole commerce to East-India for twenty-one years from the 20th March 1602." They had, in consequence, several *Chambers* of East-India Commerce in Holland, as Amsterdam, Middleburgh, &c. but they were all under one united Direction.*

(Article

* See Anderson's Commerce, and Macpherson's Annals of Commerce, under 160

(*Article 7.*) In the time of King William, the Company were allowed five per cent. on the private-trade.

(*Article 8.*) Many remarks may be upon the sixth article will also apply to this, which ought have properly formed a part of it. We need, therefore, only observe here, that the prohibition of ships to sail from the outports, will go very materially to injure the interests of those who were let into the Indian trade by the act of 1793;—to increase the danger of colonization abroad;—and of injury to the revenue, by smuggling, at home, as well as another danger to be noticed in the next article.

(*Article 10.*) It is not only to all our Indian possessions that the exportation of military stores ought always to be prohibited, but also to the numerous islands in the Eastern Seas, inhabited by a vindictive race of people, who may be ready, not only to buy warlike stores, but to engage Europeans in their quarrels, and the sailing of ships from the outports will certainly increase the danger of these evils.

(*Article 11.*) The existing law, as to piece goods, enables the Company to continue the importation of that article to themselves. They have never availed themselves of this privilege; but yet it may be proper to continue it, because “the regular and constant employment of the manufacturers, under the existing system of local management,” is a matter of consequence, not likely to be otherwise so well guarded, and that great importations of piece goods would operate against the home manufactures, whilst a smaller select importation would be useful.

(*Article 12.*) There is a new reason for the same restriction in favour of the Company in the article of raw-silk, because such a general competition is now to be opened against them, and because they have, at great expense in a long course of years, by means of their own establishments, brought the raw-silk of Bengal, which they export, to a high state of perfection;—and if that article is left to the competition of individuals, who will often have to resort to the agency of indolent natives, the quality of the article may be expected materially to fall, and the silk manufacturers of this country to be much worse supplied than they are at present.

It is proper to add, on this subject, that the restriction in favour of the Company, in the article of piece goods,

is by no means of the value it was at first, the demand for that Indian staple being now greatly diminished in this country.

(Article 14.)—Lord Melville has observed, on the reasons which he apprehends had influenced the Court, in proposing that ships of less than four hundred tons should not be allowed to sail to India, that “though entitled to due consideration, they do not appear to be sufficiently strong to justify the proposed restriction, or the making a distinction, in that respect, between ships trading to the East-Indies and to other countries:” it is therefore deemed necessary to discuss the proposition more at length.

In examining the subject of the sixth proposition, the facility which small ships would afford to smuggling, were the outports opened for the disposal of the homeward cargoes, has already been considered. In further support of the fourteenth proposition, respecting the least size of ships that should be permitted to go to India on account of individuals, the practice of the India Company, in the early part of their intercourse with the East, might be adduced, for they soon dropped the smaller class of ships for one of five hundred tons; but as this country, in its improved state of navigation and commerce, has few ships of that burthen, except those employed by the East-India Company, the limiting of ships to be now employed in the private-trade to India to four hundred tons, was supposed to afford facility to the most respectable houses, to benefit by the proposed enlargement of the trade.

Every one will admit, that there is more of respectability in the larger class of ships; and this circumstance should not altogether be lost sight of with the inhabitants of India. The impression of the superiority of our maritime strength to that of other nations, and particularly of the Americans, who speak the same language, and who navigate very small vessels to and from the ports of the East, should be kept alive; and, as a reason of State, should have its due weight in the consideration of this subject.

It is not only the respectability of the *ship* that should be attended to, but there is also a degree of respectability and responsibility attached to the character of the commander and of the officers (of whom there is a greater

establishment in the larger ships). Their information in pre-eminent, particularly in those essential articles of nautical science, the variation and the lunar observations in the navigation of the Indian Seas, and to and from thence. By such men, a better discipline is established in those larger ships which suit them : the ships are also better armed, and less liable to capture, than vessels of the smaller class. The length of voyage requires, not only superior equipment and a stouter vessel, but in order to guard against contingencies of every kind, subordinate officers and their assistants are indispensable ; because, in the event of the death of the principal officers, the knowledge and skill requisite to supply their places, especially in cases of emergency, could be derived from no other quarter. Small vessels cannot have these necessary advantages ; an observation which applies, more particularly, to such petty officers as carpenters and caulkers, in respect to matters that concern the hull of the ship, and to medical men in respect to the crew.

It has been found by experience, that larger ships can be navigated at a less rate per ton than small ones : hence one of four hundred tons will require less rate of freight than two of two hundred tons ; a point of economy in the conveyance of goods, which is not to be disregarded, even in a national view. As India is concerned, the smaller vessels will multiply a description of persons in the ports and throughout the country, whose conduct may have serious effects on the peace and quiet of the Asiatic Governments, from the causes before mentioned. The minor ports throughout the country will admit of an intercourse and connexion between Europeans and the natives, which the vigilance and power of our Governments cannot discover nor control.

The ships employed in private trade should be constrained to navigate with a certain number of Europeans outward, so as to prevent, as much as possible, the introduction of native seamen to this country : and hence, for the sake of humanity, a surgeon becomes a necessary person, the employment of whom may well comport with the size of ships of four hundred tons or upwards, but not with those of two hundred and fifty or less. If the health and lives of seamen be thought of consequence to the State, the larger class of ships should certainly be preferred. If the present superior class of West-India shipping

shipping are of four to five hundred tons, where the passage is not more than six weeks, it appears at least as reasonable, that those employed in an East-Indian voyage, which may last many months, should be equally competent and formidable as the running ships, and not stand on a scale beneath those of the first class upon Lloyd's books, so that the premium of insurance upon the goods shipped may be kept at the lowest possible rate.

Whenever such enlargements, as may induce the subjects of this country to embark very large property in the Indian trade, shall be opened to them, it must be highly expedient that, for such time at least as may be sufficient for the return of one voyage, the utmost possible security, which the Legislature can devise, should be provided, in order to check such hazardous adventures as might otherwise be carried on in any description of vessel, or under the conduct of characters not sufficiently responsible, and at the risk or cost of the under-writer.

If an honorable commercial intercourse with India be the object, such wholesome regulations will promote it; but if speculations of mere chance outward, and smuggling homeward, should be in the contemplation of any adventurers, protection to the fair trader, to the East-India Company, and to the revenue, can only be secured by some efficient law, respecting the size of the ships, and their consequent equipment in stores and force, under the conduct of able and responsible commanders and crews.

(Article 16.) The regulations proposed with respect to Lascars, are only intended for a time of war. No Lascars should be brought to this country in a time of peace.

(Article 18.) The existing regulations, as to ingress and settlement of unlicensed Europeans into the Company's establishments and territories, to be continued. No British subjects to be allowed to settle in any country within the Company's limits, and not under the government of the Company.

(Article 19.) The King's forces, maintainable by the Company in India, not to exceed fifteen thousand men in all; and this number to be reduced, as may be found practicable.

(Article 20.) If the proposition made by the Company, to be henceforth charged so much per regiment of

a given force, or so much per man, be not adopted, we shall be glad to receive any specific proposition, for putting upon a clear and equitable footing the adjustment of accounts between the Pay Office and the Company. By any such arrangement, we cannot doubt, that, at least, the intricacies of the present mode of settlement, utterly unsatisfactory as it is to the Company, will be got rid of, even if the expense should not be diminished: but will it, for example, admit of any question, whether, when the Company have been charged, as they really have been, with the expense of an entire recruiting company at home, as constantly raising recruits, and whilst, in many instances, the recruits so raised have been sent, not to India, but to other quarters, the recruiting company having also been at all times available for internal service, it can come within the equity of the 127th clause of the Act of 1793, or ever could have been intended to charge the expense of such company to the Indian territories? Or is it just, that the expense of the colonel of a regiment, employed either at home or on the Continent, or perhaps on a furlough staff appointment, should be partly charged to the East-India Company, and his pay be drawn from them? As all parties, therefore, agree in the propriety of an alteration, the sooner it is made the better.

(Article 21.) The Court of Directors have already objected, and must ever object, to the arbitrary mode adopted by a Committee of the House of Commons in 1805, for the settlement of the demands of the Company on Government. We think it a clear and equitable principle, that the expense of captures made, and not retained by the Company, but transferred to His Majesty, or by His Majesty restored to the enemy, should be charged to the Public.

The ordinary pay of the Company's troops employed on such services, and especially in places out of the sphere of India, as in Egypt, should also be placed to account of the Public.

On these grounds we beg leave to propose, that the balance of demands now made by the Pay Office on the Company, be set off, by the sums which they are yet unpaid for the capture of Ceylon and the Moluccas, and for the expedition to Egypt. Even then, the settlement will be greatly to the advantage of the Public, as the Company

Company have made good to the Pay Office a sum exceeding two millions, in addition to which they have, since the year 1797, been charged for King's troops beyond the number for which the law obliged them to pay, at the average annual rate of about three thousand firelocks, besides the officers and serjeants requisite for that number of men.

(*Article 22*.) As a supplement to this article, the Court cannot help again submitting to consideration, the earnest desire and hope of the Proprietors to be exonerated, out of the general funds of the Company, from the payment of the Property-tax. The dividends of other public Companies are thus exempted; and it is but a small consideration, in the immense concerns of the Company, from which the Proprietors have, on the whole, yet derived only the ordinary interest of money, in return for all the hazards their property has run.

(*Article 23.*) The debt of which the Court of Directors meant to speak in the twenty-third proposition, was the whole of the Indian debt, part of which, to the amount of about seven millions, has been transferred to England. The observation of Lord Melville will coincide with this proposition, and the Court of Directors can have no material objection to his Lordship's proviso, respecting the reduction of the bond debt at home to three millions; but experience has shewn the inconvenience of confining within narrow limits, by parliamentary regulation, the amount of this debt.

(*Article 25.*) Considering how probable it is, that private adventurers will desire to obtain a supply of the article of tea, in order to be smuggled into this country and to foreign parts, and considering also the importance of not endangering the commercial intercourse now permitted by the Chinese to the British nation, through its long established organ, the East-India Company, it is obvious, that effectual provision ought to be made, in some mode or other, for preventing both these evils; and we shall be glad to hear any propositions which were in Lord Melville's contemplation, or may be in your Lordship's, as more likely to suit that end than the suggestion we have offered. In the mean time, we feel it incumbent upon us to request your Lordship's attention to some remarks on the question of admitting private ships to the
Spice

Spice Islands. The demand of all Europe for the spices of the Moluccas is so limited, that one or two of the Company's ships may import a sufficient quantity for the supply of it: the division, therefore of this supply among the Company and the Merchants in general of this country, will leave so little to the individuals of the latter class, as to form no object worthy of long and distant enterprize; not to mention, that spices are now rising up in other parts of the East, which renders these islands less important than they have been. The maintenance of the Molucca Islands, which produce no valuable commodity but spices, occasions to the Company a heavy expense, and can only be compensated by a monopoly of their trade; and if private merchants are to participate in that trade, they ought also to bear a proportionable share of the charge of establishment in those islands. But the spice trade is not the most interesting consideration belonging to this question. If in any of the islands in the Eastern Seas, not belonging to the Company, British subjects were to settle, (a thing which the Company, even if armed with legal powers, would find it difficult to prevent, after those seas should be open to all the ships of this country,) it would seem impossible to hinder them from obtaining, by one means or other, a supply of the teas of China, for the purpose of being smuggled into Europe. That object alone might be tempting enough to induce a settlement, where no other circumstance was sufficiently inviting. And if from this motive, or a concurrence of others which might be supposed, a number of Englishmen were once to unite themselves in that quarter, whither new individuals might continually resort, and whence, again, they might repair to all the ports of the Indian continent, it would seem scarcely practicable to preserve the efficiency of regulations formed, either here or by the Indian Governments, for the exclusion of unlicensed persons from their territories. Such would be the danger, especially of any British settlement in the Eastern Archipelago, not subjected to the government of the Company; a danger very seriously to be deprecated: and even in those held by them, as the Moluccas, if they were open to all British ships, it may well deserve consideration, whether there might not be some liability to danger of the same kind.

kind. On all these grounds it really seems advisable, that British ships from Europe should not have access to the Spice Islands.

Having concluded our remarks upon the proposition and observations hitherto brought under discussion, we next beg leave to suggest some other regulations, growing out of the general subject now under consideration, and of our past correspondence. These, we trust, will be found so obviously proper and necessary, as to require no enforcing argument.

26th Proposition.—That no ship shall go from any British colony to the East-Indies or China, without the special license of the Company.

27th Proposition.—Private ships going from the United Kingdom to India to sail direct from that kingdom thither, and from India to that kingdom, without pursuing any circuitous route.

28th Proposition.—Ships going from this kingdom to India, not to engage in the coasting trade of India, but to be permitted to go from one port of delivery of the original cargo, to another for the full discharge of it.

We have the honor to be, My Lord,

Your Lordship's most obedient humble servants,

(Signed)

HUGH INGLIS,
ROBERT THORNTON,
JACOB BOSANQUET,
W. F. ELPHINSTONE,
CHARLES GRANT,
EDWARD PARRY,
WILLIAM ASTELL,
GEORGE SMITH.

The Rt. Hon. the Earl of Buckinghamshire,
&c. &c. &c.

At a Secret Court of Directors,

Held on Tuesday, the 28th April 1812.

The Chairman from the Committee of Correspondence reports to the Court, that in consequence of the request contained in the minute of the 20th April, which was communicated to Lord Buckinghamshire, the Chancellor of the Exchequer and his Lordship favoured the Deputation with an interview

on Saturday, the 25th instant, at which Mr. Wallace was also present.

At that meeting various points belonging to the present negotiation were touched upon; but the discussion mainly turned on the important question of permitting the ships of private merchants generally to import goods from India, at the outports of the United Kingdom. The Deputation urged every thing which occurred to them in support of the proposition of the Court upon this subject, as involving the essential interests of the Company; but they found, with regret, that the impressions which his Majesty's Government had received respecting it, since the date of Lord Melville's letter of the 21st March, were not in consonance with the sentiments of the Court of Directors. The Chancellor of the Exchequer, however, and Lord Buckinghamshire, expressed their intention of communicating, in writing, the judgment they had formed on the subject in question; and Lord Buckinghamshire having accordingly addressed a letter to the Chairman and Deputy Chairman, dated the 27th instant, that letter is now laid before the Court.

LETTER from the Right Honorable the Earl of Buckinghamshire to the Chairman and Deputy Chairman, referred to in the preceding Minute.

Gentlemen,

India Board, April 27th 1812.

In communicating to you the sentiments of His Majesty's Government, after a full consideration of the several points which have been brought under their view, in consequence of the conferences and explanations I have had with you and the Deputation, since I had the honor of receiving your note of the 3d instant, it is unnecessary for me to enter upon the discussion of the Hints and Observations which have been the subject of the correspondence between the late President of the Board of Control and yourselves, as far as those Hints and Observations have been sanctioned by the General Court.

It was to have been expected, that upon a question involving the various interests of so large a body as the merchants and manufacturers of the United Kingdom, as well as of the East-India Company, that considerable differences
of

of opinion should arise, and that reasons should be alleged of sufficient weight, to suggest the propriety of revising any plan which might originally have been concerted.

Under such an impression, Lord Melville, in his letter of the 21st ultimo, desired it to be distinctly understood, that public discussion, in the further progress of the measure, might possibly produce an alteration in some of the details, as well as regulations of a different description from those which were then suggested.

You would, therefore, not have been wholly unprepared for the communication made by me to the Chairman at a personal interview, when he was informed that the representations which had been brought before His Majesty's Government, since the publication of the correspondence already referred to, had led them to entertain an opinion, that they would best consult the public interest, by not confining the import trade from the East-Indies to the port of London.

The arguments adduced by you and the other members of the Deputation, and which had been urged with much ability, and at considerable length, in your letter of the 15th instant, have received the most serious attention of His Majesty's Government; but I have to acquaint you, that although they think that the great interest of policy and of revenue, as well as of the East-India Company, will render it their duty to propose to Parliament, that the existing restraints, respecting the commercial intercourse with China, should continue, and that the exclusive trade in tea should be preserved to the Company, for whatever term the charter may be renewed, yet that they remain of opinion that the import trade from the East-Indies should not be confined to the port of London.

They are not, however, insensible to the danger and mischief which the revenue, as well as the East-India Company, might suffer, if under the cover of that trade, an illicit commerce in tea were to be successfully carried on; but they conceive, that regulations, both in India and at home, may be so framed, as to guard against that danger, and to protect the Company and the revenue, whose interests in this respect equally require such protection, from the effects of it.

In submitting, therefore, the propositions to Parliament in this shape, the Government are persuaded, that whilst they would thus be supporting interests justly entitled to public consideration, they would, at the same time, be pursuing a course, essential to the collection of a revenue of nearly four millions

sterling, without breaking in upon that system, under which the salutary provisions of the Commutation Act secure the people of the United Kingdom against any failure in the regular and constant supply of an article, which has become a necessary of life.

In considering the terms proposed for the renewal of the Charter, as they would stand, should the suggestions I have conveyed to you in this letter be adopted, you will be sensible of the high importance of bringing to a conclusion an arrangement in which the interests of the Company and the nation at large are so deeply implicated, with as little delay as may be deemed compatible with a mature consideration, and satisfactory adjustment, of the several claims and pretensions of the parties concerned:

I have the honor to be, Gentlemen,

Your most obedient humble servant,

(Signed) BUCKINGHAMSHIRE.

To the Chairman and Deputy Chairman
of the Court of Directors.

LETTER from the Deputation to the Rt. Hon. the Earl of Buckinghamshire.

My Lord, *East-India House, 29th April 1812.*

The letter which the Chairman and Deputy Chairman had the honour of receiving from your Lordship on the 27th instant, was the day following laid before the Court of Directors, and engaged their most serious attention. It has again been considered by them this day, and we have now to submit to your Lordship the answer which they have instructed us to make to it: an answer which, from having before well reflected on the principal subject of your Lordship's letter, delivers their mature opinion, and as they presume to hope, in the least time possible, being sensible with your Lordship that, in the present critical period of the negotiation, all unnecessary delay is to be avoided.

It is with extreme concern the Court find, that since the publication of the correspondence between the President of the Board of Commissioners and the Court of Directors on the momentous question of the renewal of the Company's Charter, his Majesty's Ministers have been led, by the representations which have been made to them, "to entertain
"an

“ an opinion, that they would best consult the public interest, by not confining the import trade from the East-Indies to the Port of London,” and that they still hold this opinion.

Not having been made acquainted with the particulars of those representations, and having urged various arguments which remain unanswered, against the measure of opening the outports to the trade from India, the Court, under the disadvantages of such a situation, are imperiously called to the consideration of the circumstances in which the Company are now placed, and in which, according to the best judgment they can form, the Company would be placed, if the new Charter should open the outports of the United Kingdom to the returns of the Indian trade.

Whatever may be thought, my Lord, by the merchants of this country, of their right to enter into the possession of a trade, acquired and maintained through long struggles and vicissitudes, at immense expense, by the East-India Company; a trade still intimately connected with the security of the vast empire which the same Company have gained, and administer for the benefit of the nation at large; the Court of Directors are of opinion, that the sacrifices they agreed to make of that trade to the public feeling, or if they may be permitted to express their idea more accurately, the public prejudice, were very large; and they yielded to them undoubtedly in a firm belief, not at that time discouraged by His Majesty's Ministers, that the importations from India would be confined to London, as well as that the exclusive privilege of the China trade would be carefully secured to the Company. But the concessions frankly made by the Court of Directors and Proprietors, who regard themselves always as a part of the Public, and wish, as much as possible, to be in unison with it, have, it appears, only encouraged farther demands; and if the tide of prejudice, of popular clamour, of most extravagant expectation and unbounded pretension, which have been more industriously than fairly excited, were now to determine the public counsels, not a vestige would remain of that great fabric, which has been reared in the course of two centuries, uniting with commerce an imperial dominion, which would be shaken to its foundation by the destruction of that system which has acquired and preserved it.

It is no surprise, my Lord, to the Court, though it is undoubtedly a great consolation, that His Majesty's Ministers unite with the “ great interests of policy and of revenue,”

those of the East-India Company, and that it must hence be their object to continue the political functions of the Company, and the means which are necessary for the maintenance of those functions. On this basis, the Court are happy to have the honor of meeting His Majesty's Ministers, and to continue the present discussion.

It is perfectly known, that for a series of years past, since the Indian territory has been loaded with an immense political debt, the Company have derived no surplus from the revenues. They have carried on the currency of their home affairs, they have even aided the political concerns of India, and, above all, they have made good the dividends to the Proprietors from the profits on their commerce; and, of late years, the profits have been derived chiefly from the China trade. From the still existing territorial debts of the Company, and the scale of their Indian expenditure, after all endeavours to reduce it, the Court of Directors have no prospect of pecuniary acquisitions, except through the same medium of commerce, for many years to come; and, as already intimated, it is the commercial profits of the Company which enable them to discharge the political functions assigned to them in the management of the Indian empire. Without this resource, or some equivalent one, not within their power, the dividends could not be continued, the value of the stock would diminish, and the Company be brought to a state of dissolution.

It is the extinction, or material diminution of the commercial profits, arising chiefly, as we have said, from the China trade, that we apprehend from the opening of the outports to the returns of the Indian commerce. If this extinction or diminution were to take place, your Lordship will doubtless agree with the Court, in admitting, that the fatal consequences they contemplate, would follow; and that, after going on a few years on the new plan, the Company would be so impaired in its resources, as to be inadequate to the important part allotted to it in the system of Indian administration.

When the Court of Directors thus view the consequences of opening the outports, His Majesty's Ministers will not blame the anxiety with which they respectfully contend against that measure. The duty they owe to their Constituents, to their own characters, and to the Public, requires them, in such a case, to act with the greatest circum-

circumspection, in order to obtain a reasonable assurance, that the terms of the new Charter will be such, as will enable the Company to go on efficiently in the performance of the political functions it has hitherto discharged.

We do not apprehend, my Lord, that there is any difference in principle on these points, between His Majesty's Ministers and the Court of Directors. The main difference, in respect to the question of opening the outports, is as to the practical effects of that measure. It appeared, in the conference we had the honour of holding with the Chancellor of the Exchequer and your Lordship, to be his opinion, that checks could be devised to prevent a indefinite extent of smuggling tea, ruinous to the Company, which we fear from opening the outports to the Indian trade. As we have already given many reasons for thinking, that the practice of smuggling would, in such case, be uncontrollable. Those reasons, which need not be repeated here, we believe it will be difficult for the parties most adverse to the Company to refute; but the subject being so important in the present discussion, we beg leave to add a few more observations on it.

It is a fact notorious, that tea has been smuggled, by the way of India, into this Country, even when the duty was comparatively small; when the Indian import trade was confined to eight or ten Company's ships, and to the river Thames. How much more, then, is smuggling, beyond all bounds, to be expected, when the ships shall be unlimited in number and size, and may resort to the outports of England, Scotland, and Ireland? This practice would be much facilitated, because, in the numerous Eastern Islands, not subject to any European power, where we have said tea might be brought for English ships from China, there is no usage of clearing out vessels, or giving them papers or manifests. It would thence be easy for them to break bulk in the passage home, and as they approached the coasts of Britain and Ireland, to put tea, as well as other articles chargeable with duty, on board of ships and cutters, destined either for the ports of the Continent, or the remote coasts of Scotland and Ireland, on which, for a hundred miles together, every where accessible from the sea, there is scarcely a custom-house, and where custom-houses could not be sufficiently multiplied. Vessels of very small size being allowed in the Indian trade, they could enter into ports and bays
little

little frequented, and run goods to be carried inland and there dispersed. In some of the northern and western ports of the United Kingdom, we have heard that collusive practices between the revenue officers and the smugglers are not unusual. If this is the case in respect to articles which pay a comparatively small duty, what would it be, where the articles of tea and Indian goods were in question? Ships might stop at intermediate ports for orders, and there smuggle; as those bound to the Western coast, at Cork and Falmouth; those to the eastern coast, at Falmouth and the Downs; those going north about, on the Irish and Scotch coasts. Ships having several ports of discharge, would thereby obtain facilities in smuggling; and the state of relations between this country and parts of Northern Europe may be such, as to afford the means of running goods into those parts, which, from their proximity, may again be able to smuggle the goods into our remote ports. In a word, we are led to apprehend, that the means and the temptation of smuggling tea, when an unhindered trade is permitted to India and the Eastern Islands, must be, in a very great degree, uncontrollable by any check which His Majesty's Government can, in such circumstances, interpose. Nor is it to be overlooked, that a class of Indian goods, styled in the revenue language *prohibited*, because excluded altogether, as interfering with the manufactures of this country, will, by all the openings which the new trade will produce, be every where unavoidably brought into use. It is true, that even if the return trade of India were confined to the Channel, as we proposed, smuggling might be expected, but certainly, not, in our opinion, at all to the same extent. And had we conceived otherwise, the same objection we now advance against opening the outports, would have been urged against that enlargement of trade, in which the Court have acquiesced, and for the same reason, to prevent the ruin of the Company; which did His Majesty's Ministers apprehend, they would doubtless, in either case, have desired to prevent, even by refusing the required concessions to the British merchants.

With these views, my Lord, deeply impressed on the minds of the Directors, acting as they are in a most responsible situation, is it too much for them to expect and to request, that they may be honored with the know-
ledge

ledge of those means which his Majesty's Government may think would be effectual to prevent the practice of smuggling, under the new circumstances, to any ruinous or great extent?—could they have a reasonable persuasion of the practicability of such prevention, *that* would undoubtedly, so far lessen their fears and the arguments on which they now feel it their duty to insist. They hope not to be misunderstood in this proposition. Assured both of the desire of His Majesty's Ministers, as well on account of the Company as of the revenue, to prevent smuggling, and of their belief of the practicability of doing so; feeling also, as the Court do, the delicacy of seeming to interfere in any of the revenue regulations of Government, they are yet so circumstanced, in the present critical conjuncture, as to find this enquiry most interesting to the cause of the Company.

It is indeed true, that the Public appear to have a greater concern at stake here than the Company. The Public may lose the greater part of a revenue of four millions per annum, whilst the Company can have only to the extent of one million at hazard. But then this one million is all the Company's certain income: if they lose that, they lose the foundation on which their efficiency rests; unless, in the new arrangements, some other resource should be provided, which should secure the dividend to the Proprietors; a provision which, undoubtedly, would also materially affect the views the Court of Directors now entertain from contemplating the dangers of the Company's China trade. And suffer us, my Lord, since the assailants of the Company's privileges are so loud in representing their interests as those of the nation at large, to add this remark concerning the national interest in the present question, that if the revenue of nearly four millions, now so easily collected from tea, should fail, or fail to the extent of only two millions, other taxes must be laid upon the Public, to compensate for that loss: and whether the nation will gain so much otherwise, by the proposed enlargements of trade, may be a serious question with those who have to decide on this momentous concern; with us it is none. It may deserve also to be recollected, that with the fall of the Company's China trade will fall the exports of woollens and metals, to the extent of a million annually, by which the prosperity of the counties of Cornwall, Devon,

Devon, Somerset, Dorset, and Gloucester, and Norfolk in some measure, have been upheld, during the arduous struggle of eighteen years in which the country has been engaged; the excellent fleet of ships employed by the Company, with all the long detail of interests connected with them, must decay; whilst the nation will lose that certain and regular supply furnished by the Company of the article of tea, an article, as your Lordship justly observes, now become a necessary of life.

Before we dismiss this topic, may we be allowed to bring under your Lordship's inspection a succinct view of the capital and interests concerned in the Indian and China trade from the port of London.

There are about fourteen hundred commanders and officers belonging to the ships of the East-India Company (besides the seamen, who may be about eight thousand). The trade-men engaged in the supply of the Company's shipping in the river Thames are about twelve thousand, and the labourers employed in their warehouses are about three thousand. All these, with their families and dependants, making an aggregate of upwards of thirty thousand persons, would, by the removal of the Indian trade from the port of London, be generally reduced to great distress, and many of them become burthensome to their parishes.

The capital now employed in the Indian trade may be moderately computed as follows,

The Company's capital stock of	£6,000,000,			
at the price at which many Proprietors				
purchased, will amount to	-	-	-	£10,800,000
Capital in warehouses	-	-	-	1,000,000
Capital in ships	-	-	-	3,800,000
Capital in docks	-	-	-	400,000
Capital of individuals in the metropolis may				
be moderately estimated at	-	-	-	5,000,000
				<hr/> 21,000,000

The trade in which this large capital is employed produces, as we have had occasion repeatedly to observe, an annual revenue to Government of more than four millions sterling; and the net saving to Government, from the present mode of collecting the duties, may, we conceive, be fairly estimated at £150,000 per annum. By means of direct and indirect taxation, the capital itself,

itself, and the profits upon it, yield a farther sum of large amount to Government; but the productiveness of the capital, in this respect, depends wholly upon the solidity of the basis on which it rests.

These, my Lord, are the sentiments and observations which we are directed to communicate to your Lordship. The reflection upon them has, we trust, been mature, though the expression of them, in the shortest time allowed for the preparation of this letter, may require indulgence. But we are further specially directed to add, that this is a concern of too great moment for the Court to trust to its own judgment, or to act on its own responsibility; the Directors have therefore summoned a General Court of Proprietors to meet on Friday next, when the correspondence with your Lordship, including this letter, will be laid before them for their consideration.

We have the honor to be, my Lord,

Your Lordship's most obedient humble servants,

(Signed)

HUGH INGLIS,
ROBERT THORNTON,
JACOB BOSANQUET,
W. F. ELPHINSTONE,
EDWARD PARRY,
CHARLES GRANT,
GEORGE SMITH,
WILLIAM ASTELL.

'The Rt. Hon. the Earl of Buckinghamshire,
&c. &c. &c.

At a GENERAL COURT of the United Company of Merchants of England trading to the EAST-INDIES, held on Tuesday, the 5th May, 1812.

Resolved Unanimously,

That this Court has learnt with deep concern and surprise, that His Majesty's Ministers have been induced to change the view they first entertained of the propriety of confining to the Port of London the returns of the Trade to India, now to be permitted to all British subjects.—That the measure of opening the Outports to vessels of all descriptions from India, comprehending in that term the Eastern Islands, appears to this Court to be fraught with consequences ruinous to the Company, and all the long train

of interests connected with it ; by removing from the Port of London the greater part of the Indian Trade, which it has hitherto enjoyed ; by rendering useless many of the extensive establishments formed there for the Merchandize and Shipping of that trade, and throwing out of bread many thousands of persons who now derive constant employment from it ; by deranging the practice and frustrating the end of stated Public Sales which are useful and important both to the Country and the Company, who are necessarily restricted to this practice ; but, above all, by affording facilities for the Smuggling of Teas into the Ports and Harbours of England, Scotland, and Ireland, to an extent unlimited, and as this Court apprehend, uncontrollable—That the consequences of this must be the destruction of the Company's China Trade, their best source of commercial profit ; the failure of their Dividend, the depreciation of their Stock, and unless a fund is provided from some other source for the payment of the Dividend, inability on their part to continue to perform the functions assigned to them in the Government of British India.—That if the constitution by which the Indian Empire is now administered should thus be subverted, the excellent system of Civil and Military Service formed under the Company, and maintainable only by such a body, will be broken down, the tranquillity and happiness of the vast population which that Empire contains, the Interests of this Country in Asia, and its Constitution at home, will be imminently endangered.

That the professed object for which the proposed charges are to be made, and such immense sacrifices hazarded, namely, the Increase of the Commerce of this Kingdom, cannot be in any great degree attained ; there being no practicability of extending materially the use of our Manufactures among the Indian people, the tonnage allotted by the Company, or afforded by Indian Ships in the management of individuals, for such exports, not having been fully occupied ; neither does it appear practicable largely to augment the importation of profitable commodities from thence ; of all which the example of the American Trade to the East is a proof, British Manufactures, which they could easily have procured, making no part of it, nor their returns exhibiting any new articles of importance.—That therefore the Trade now enjoyed by the Company and individuals will be the only certain trade

to which new adventurers can have recourse ; and this will be no addition to the Commerce of the Country, but only a transfer from one set of hands to another ; so that, Old Establishments will be subverted, without substituting any thing equally good in their place ; and to all appearance with great detriment to the Nation, particularly in the Defalcation of a large part of the Duties now collected on Tea, to the amount of Four Millions sterling per annum ; for all which Defalcation, whether one, or two, or three millions, New Taxes must be laid on the people.— That the Cause of the Company has been deeply injured by prejudice, ignorance, erroneous assumptions, and of late by extensive combinations, and by unfair representation, canvas, and intimidation—in all which the merits and rights of the Company, the Political Interests of British India, and of this Country as connected with them, have been left out of sight, and the single object of the Extension of Commerce, an object too only of speculation, in opposition to past experience, is the governing principle.

This Court however confidently hope, that Parliament will not decide the fate of the Company, on the representations and demands of private interests, but on just and comprehensive views of National Policy ; and the Court must also believe that His Majesty's Ministers are too enlightened and equitable finally to adopt any measure calculated to destroy the commercial profits of the Company, and thereby to disable them from performing their political functions. This Court, therefore, entirely approving, both of the firmness which their Directors have shewn in maintaining the interest of the Company, and of the manner in which they have, in the papers now produced by them, defended those interests, doth recommend it to them to persevere in the Negotiation with His Majesty's Ministers upon the same principles ; assured of the determination of this Court to support them to the utmost in maintaining the permanence of the Company and the National Interest, which are involved in their stability.

Resolved Unanimously, That the thanks of this Court be given to Randle Jackson, Esq. for his very luminous and excellent speech this day ; for the great zeal, ability and industry he has on various occasions, and particularly
or

on this, displayed for the honor and advantage of this Company.

Resolved Unanimously, That the warmest thanks of this General Court be offered to the Chairman, Deputy Chairman, and Court of Directors of this Company, for their very able conduct in the Negotiation with Government for the Renewal of the Charter ; alike evincing the most luminous ideas of the best Interests of this Company, and their most honorable conduct in the management of so important a concern.

(Signed) .

WILLIAM RAMSAY,
Secretary.

MONOPOLIES

OF THE

EAST INDIA COMPANY

I N Q U I R Y
INTO SOME OF THE
PRINCIPAL MONOPOLIES
OF THE
EAST INDIA COMPANY.

“ Antiquity deserves that men should stand awhile upon it, to view around
“ which is the best way, but when the discovery is well made, they should
“ stand no longer, but proceed with cheerfulness.”

LORD BACON.

LONDON :
JAMES RIDGWAY, PICCADILLY

MDCCLXX.

LONDON

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INDIAN MONOPOLIES.

§c. §c.

It is not our purpose in the few following pages to advocate the general benefits of Free Trade with India on the one hand, or to descant in general terms on the impolicy of monopoly on the other. Happily the principles of commercial policy are too well understood to render the irksome task of reiterated exposition or confutation any longer necessary. But particular monopolies are still defended on the plea of necessity or expedience, and the duty we propose to ourselves at present, is to expose these remnants of ancient error and impolicy, by a reference to acknowledged facts, to experience, and to analogy. We proceed then, at once, to an examination of the most prominent of the Indian monopolies, viz. those of silk, of salt, and of opium. The interests of many millions are involved in the policy which may be pursued by this nation in regard to these great staples of agriculture, commerce, or necessity; and those who are desirous of information concerning them, will therefore readily pardon the minuteness of detail into which, in justice to a subject of such magnitude and importance, we shall of necessity be led.

The first article to which we shall refer is raw silk. This is not in law a monopoly, but the sinister influence of the commercial government of India renders it virtually so. The raw silk imported from the Indies is, as most of our readers know, of two descriptions, that of Bengal and that of China. The first is for the most part, at least as far as British-born subjects are concerned, a monopoly in the hands of the East India Company, and the second can only be imported into the United Kingdom by the free trader, indirectly and circuitously. We shall advert in the first place to the Bengal silk.

Previous to the year 1770 the production of silk was entirely in the hands of the Indians. About that year the

East India Company, then in complete possession of the monopoly of the Indian trade, introduced into Bengal the Italian mode of reeling silk, and with this has terminated the whole improvements introduced by Europeans in the preparation of the article. Before the introduction of this improvement the Indian silk was a wretched commodity, fit only to be used in the lowest descriptions of manufactured goods, and its price in the English market, generally, was equal to about one-third of that of Italian silk. The best Indian silk only, is now brought to the English market, the lower descriptions remaining in India for domestic consumption, or being exported to some of the neighbouring countries. The finest Italian raw silk, it is sufficiently known, is not brought to the English market. In making a comparison between them, therefore, the best Indian silks are necessarily compared with inferior Italian silks. Under these circumstances the Italian silk is still better than the Indian by full 11 per cent. The best Italian silk, or *Novi*, is better than the best Bengal silk by about 34 per cent. This is nearly the same difference which existed between the two articles in 1820, according to the evidence given to the Lords' Committee on Trade; so that, in ten years, at least, no improvement has taken place in the Bengal silk. The average of all Chinese silks, in the English market, is somewhat better than the average of all Bengal silks; and the best Chinese silk, which is that principally imported, is better than the best Bengal silk by full 9 per cent. Bengal silk is better than Turkey silk by above 40 per cent., and better than Persian silk by 42 per cent., which, however, indicates a much smaller difference in quality than existed between Indian and Italian silks when the former was entirely in the hands of the Indians;—a fact which shows that Indian industry, in reality, is inferior either to Turkish or Persian industry.

How comes Indian silk to be inferior, not only to the produce of Italy, but to the produce of China also? The answer is sufficiently obvious. The mulberry is cultivated by the Indians only, and the plant is not the same species, or at least not the same variety on which the worms are fed in France, Italy, and China. The worms are also exclusively fed by the Indians; nor is the species the same with that which produces silk in the countries we have just mentioned. The only benefit which Bengal silk receives from European civilization is the Italian mode of reeling: to this is confined all that the Company has effected in improving Indian silk. But this is not all; the Company, under their old Charter, exercised a right of pre-

emption and claimed the privilege of levying extents, after the manner of our Exchequer; and it is remarkable, that notwithstanding the declaration of free trade made by the Legislature in 1813, they persevered in acting upon the regulations which conferred these privileges upon themselves for fourteen years afterwards; for it was not until 1827, and after many remonstrances, that the Board of Controul compelled them to modify or abolish these illegal advantages. The Company, however, has been in the habit of making lavish and unthrifty advances to the peasantry of the silk districts, so that the whole are deeply involved in debt to them, and therefore incapacitated from entering into contracts with private individuals, unless to plunder them*. Under all these circumstances, the growth of raw silk has, with the exception of a few native speculators, fallen gradually into their hands; and the private European adventurer, from whom alone any improvement in the silk could reasonably be looked for, deprived of the power of possessing lands, holding them on lease by a most precarious tenure, and having, at the same time, to compete with the unfair and overwhelming power of the Government, has been wholly driven out of the market.

On the average of the ten years, ending with 1800, the quantity of Bengal raw silk imported into Great Britain was 452,977lbs. On the average of the next ten it was only 438,792lbs., or had fallen off by above 3 per cent. In 1811 it was only 414,404lbs.; being less than it was twenty years before, by above 6 per cent. We shall now refer to the imports, when the free trader came into competition with the East India Company; and here the results will be found very different. On the average of the nine years, from 1814 to 1822 inclusive, the importations of Bengal raw silk, into Great Britain, were 897,285lbs.; they were, in fact, more than double the average imports of the ten years last mentioned. No change had as yet taken place in our policy respecting the silk trade, so that it is obvious that the enterprise and capital of the free merchant had given a favourable impulse even to the silk monopoly of the East India Company. Since that time the increase in the importation of silk has been still more remarkable; for we find that, on the average of the five years ending with 1827, the annual

* To add to the ill effects of this injurious and overwhelming competition, the principal agents of the monopoly on the spot are permitted to grow and prepare silk on their own private account; and it may readily be believed that, armed as these are by the powers and authority of the State, no private competitor can have a fair chance of successful rivalry with them.

imports amounted to 1,110,922lbs. If we compare the fourteen years of free trade with the fourteen years ending with 1811, which preceded it, we shall find that the average importations of Bengal silk rose in amount by 699,519lbs., or sustained an increase of 170 per cent. Let any reasonable observer judge from the previous history of Bengal silk, whether so extraordinary an enhancement in amount was at all likely to have occurred, had the commerce, like the production of silk, continued exclusively in the hands of the East India Company, and had no other capital been directed to its augmentation than the territorial assets of the local government.

With respect to Chinese silk, the quantity of this article imported into Great Britain on the average of the ten years ending with 1800, was 111,577lbs. In the next period of ten years it was only 78,490lbs., or, in short, had fallen off near 30 per cent. In 1811, the importation was 81,397lbs., or was by 37,130lbs. less than one-half of what it had been twenty years before. The fact is, that the East India Company had insisted that the production of silk in China for exportation, was limited, and that they were consequently unable to increase their investment, or even to keep it up to its old standard. The free trade, doomed to confound this conclusion, and many another equally groundless, exhibited very different results, even here, and under the very eyes of the closest branch of the monopoly. In the nine years ending with 1822, the total yearly average imports from China amounted to 179,578lbs, being an increase upon the average of the ten last quoted of no less than 128 per cent. The imports by the East India Company had only increased by about 20 per cent., whereas the enterprise of the free trader, notwithstanding the expenses and embarrassments of a circuitous commerce, had added above 100 per cent. to the amount carried on by the East India Company alone. In the five years from 1823 inclusive, the augmentation was still more striking. The average of these gives an import of 288,375lbs., being an increase, in five years, of 60 per cent., and an augmentation beyond the last imports of the East India Company, when even a circuitous commerce was forbidden, of 267 per cent.

In the ten years ending with 1800, the total imports of silk into Great Britain, from the East Indies and China together, amounted to 564,554lbs.; in the next period of ten years, they averaged only 517,282lbs., or had fallen off by 8 per cent.; in 1811, they were only 495,801lbs.; yet, in 1791, they had amounted to 644,282lbs., so that they had

actually fallen off by no less than one-third of what they had been twenty years before. In the first nine years of free trade, we have totally opposite results. The average in this case gives no less than 1,076,863lbs., an augmentation, upon the first period of ten years quoted, of 90 per cent.; and upon the second, of 108 per cent. After the improved policy of the Legislature with respect to the silk trade, the augmentation became still more remarkable, for the average of the five years ending with 1827 makes the importations 1,399,297lbs., an increase, in five years, of 29 per cent. It appears then, from the statements now given, that the silk trade of the East India Company, in a period of twenty years, had not only not increased, but greatly retrograded; whereas the partial introduction of a free commerce had advanced it, in fourteen years, beyond the amount to which it had fallen in the hands of the Company by 170 per cent.

Silk, it ought not to be forgotten, is the only important article of Indian importation, where there exists any competition, in which the trade of the East India Company exceeds that of the private trader. In the first year of free trade, or 1814, the quantity of silk imported by the East India Company amounted to 983,287lbs., and that of the free trade only to 132,826lbs. In the first seven years of the free trade, the average yearly imports of the East India Company amounted to 713,701lbs., and those of the free trader only to 337,108lbs. In the last period of seven years the difference was less remarkable, the amount imported by the East India Company being 846,154lbs., and that by the free trader 499,413lbs. Even this shows a difference in favour of the East India Company of no less than 69 per cent. This is a striking contrast with what has taken place in every other article, tea, of course, excepted. This will be seen by glancing over the public accounts laid before Parliament, and we take as a fair example the imports of the last year named in them, or 1827. The statements of this year, as well as of the four preceding ones, consist of seven-and-thirty principal articles. Out of eight-and-twenty of these, the Company did not import a single ounce. Of the rest, the following is a comparative view:—In cotton piece-goods, the imports of the free trader exceeded those of the East India Company in amount by 149 per cent; in manufactured silk they exceeded them by 165 per cent.; in sugar, by 168 per cent.; in indigo, by 220 per cent.; in saltpetre, by 414 per cent.; and in cotton wool, by 1114 per cent.! The intelligent reader need not be told, that the virtual monopoly exercised by the East India Company,

in the production of silk—their exporting their own silks, for the most part, direct to England without competition in the Indian market, and the necessity imposed upon the free trader of importing the silk of China by a double or circuitous voyage, are causes quite sufficient to account for the superior amount of the trade carried on in this single article by the East India Company.

Let us for a moment advert to the injuries inflicted upon the silk trade of Great Britain by the state of things which we have now described. As a manufacturing nation in general, we have every advantage over our neighbours in respect to silk which we possess in cotton, with the one important exception of a good raw material. This raw material we cannot have from our neighbours, because they either want it for their own use, or prohibit the exportation of the best qualities, or load them with a duty. It is an acknowledged fact, that wherever the raw material of India or China can be made use of, we produce a better and cheaper fabric than any of our competitors; and, as we do every where, in the case of cotton, beat them fairly out of the market*. Owing to the inferior quality of these silks, however, our superiority is confined to coarse and ordinary fabrics, and wherever a raw material of the first quality is requisite, it is certain that we are wholly incapable of competing with our rivals. Could raw silk be produced as cheaply and abundantly in France and Italy as cotton is in America, it is obvious that our silk manufactures would be at once destroyed by their competition. Even at present, we are in a situation very little better, in respect to our supply of raw silk, than we should be in regard to cotton-wool, were the United States of America suddenly to become a densely-peopled and manufacturing country, a circumstance which, without either prohibitions or duties, would inevitably, and had we no new sources of supply, deprive us at once of our great staple manufacture. But for the possession of India and the commerce of China then, any attempt to naturalize the manufacture of silk in this country, except at the public expense, would be hopeless. To place us upon an equality with our commercial rivals, a free intercourse with China, but, above all, the application of British skill and capital to the improvement of silk in India, are indispensably necessary. From the statement which we have given, it is obvious that the paltry efforts of the East India Company have neither produced, or are capable of producing, any essential improvement in the production of

* *BADNALL'S Treatise on the Silk Trade.*

silk, adequate to place us on terms of any equality with our rivals. Their silk, as we have already said, is not only inferior to that of Italy and France, but inferior to what is produced even in China in a corresponding latitude and climate, and by a people which it would be absurd to compare with Europeans, in any solid improvement or useful art. In the hands of the free colonist we may surely reckon upon seeing silk produced in India, its native country, in at least the same excellence with which it is produced in France and Italy, where it is an exotic. Even the imperfect improvement already introduced has doubled its value. It would indeed be contrary to all experience to draw any other conclusion. The value of indigo, for example, from having fallen into the hands of European settlers, has been more than quadrupled. The small quantity of indigo now produced by natives, in imitation of the European process, is at least 15 per cent. inferior to what is manufactured by Europeans, and the finest qualities they are incapable of manufacturing altogether. The lac dye, manufactured by the natives, in imitation of the European process, is inferior to that manufactured by Europeans by 36 per cent. There is no such difference in the raw silk manufactured by the natives and by the East India Company. On all the different sorts of silk, of both descriptions, in the Calcutta market, the average inferiority of the native silk amounts barely to 8 per cent. ! These few facts pourtray in the strongest light the utter incapacity of the East India Company to improve the produce of India, while they exhibit the infinite superiority of private European enterprise over the feeble efforts of native industry and the slovenly attempts of a monopoly.

When the silk of India is improved by the European colonist, and when a commerce, free and unshackled, shall bring the silk of India and China cheaply and abundantly into the British market, there is assuredly nothing in our situation to hinder us from attaining the same superiority over other nations in the manufacture of silk, which we have attained in that of cotton. In 1827, our exportations of manufactured cottons were no less than 17,638,165*l.*; while those of silk, with all the improvement which has taken place in them of late years, was only 236,113*l.*, or about one 74th part of that amount: and yet, were Indian silk as good as American cotton, it is certain that we are generally in a more favourable condition for furnishing foreign nations with silk than with cotton manufactures. This will appear evident, if we take a glance at the manu-

facturing industry of the Eastern nations, whom we now supply with their cotton fabrics. We supply the Continent of India generally with a great quantity of our cotton goods; and yet the cotton manufactures of that part of the East are in a far more advanced state than their silk manufactures. It is only, however, with fine cotton fabrics that we supply India, and we are incapable of furnishing any parallel supply of those of silk. With respect to the minor nations of Asia, most of them have no raw silk of their own, but import that material from China, for the manufacture of coarse fabrics, while they receive the higher qualities in the manufactured state from that country. All the Malayan nations, the Siamese, and the Birmese, are examples of this state of things. The nations that have silk of their own are in too barbarous a state to produce a raw material fit for any thing else than the manufacture of coarse domestic fabrics, and are either compelled to receive the finest qualities from China, or to dispense with them altogether. Tonquin, Cochin China, Persia, and Turkey, are all examples. All the nations now enumerated, and they comprise, with the exception of China itself, which in respect to silk is differently circumstanced, all the considerable nations of the East to which we have access, and we may add to them the tropical nations of America, have abundance of the raw material for cotton fabrics, and yet we supply them largely with manufactures of that article. Our capacity then, to furnish them with silk under the circumstances we have supposed, will be far greater. We conclude, then, from what has now been said, that the colonization of India, and freedom of commerce with that country and China, afford every promise of improving the condition of India and its inhabitants;—of extending the commercial relations of Great Britain with the East; of giving new consideration and importance to the silk manufacture of Great Britain; and, in a word, of enhancing the national wealth and prosperity.

Of all the monopolies exercised by the East India Company, that of salt is undoubtedly the most pernicious, whether we consider its injurious effects upon the comfort and morals of many millions of people,—or the difficulties and impediments which it throws in the way of commerce, both internal and foreign,—or the detriment which the fiscal resources of the state itself incurs through its operation. The subject, wrapt up, as it has long been, in the mysteries of official form,

and of a barbarous nomenclature is somewhat difficult and complex, and will oblige us to enter into details and explanations of considerable length, for which the great importance of the question is our best apology.

The salt used by the Indians is of four descriptions : first, there is a little rock salt consumed, imported from the Persian Gulf, and from the countries on the western frontiers of India. The inhabitants of the northern provinces of Hindostan use, for the most part, salt obtained by solar evaporation, from certain salt lakes. In Bengal the salt commonly used is produced by boiling the dirty and slimy brine of the pestiferous marshes at the estuary of the Ganges. The inhabitants of the southern portion of the peninsula use good bay salt, manufactured on the coasts of Malabar and Coromandel. The two last descriptions only are objects of monopoly; the others of ordinary but heavy taxation. The Bengal salt, to which we shall first refer, is procured by a hasty evaporation through a miserable process. It is computed that about 125,000 labourers are engaged in the manufacture of this commodity, although the whole quantity produced be no more, on an average of several years, than 5,400,000 bushels, owing to the unsuitableness of the soil and climate; of a soil muddy, drenched by the fresh waters of the Ganges and Berhampooter, and liable to frequent inundations, and of a climate moist and insalubrious, together with the absence of skill and of machinery, originating in the abject and depressed condition of the labourers, one man can manufacture in a whole season, that is, from November to May, no more than $43\frac{1}{3}$ bushels.

These labourers are in a virtual state of slavery, every man of them being in debt to the East India Company, inextricably and for life, and not daring to engage in any other employment. A considerable number, according to the official returns, are yearly devoured by tigers, and a much greater carried off by dysenteries and fevers. A small quantity of the bay salt of Coromandel and Malabar is allowed to be imported into Bengal by special licence. This, which one year with another may be taken at 1,500,000 bushels, added to the first, gives 6,900,000 bushels for the whole consumption of our old provinces belonging to the Bengal Presidency*.

* That there is no exaggeration in the statement given in the text, may be seen from the following description by an eye witness of great intelligence, and intimately acquainted with the whole working of the system.

"At present the enormous number of separate contracts, and the immense extent of the agency districts, make it indispensable to employ a person of

The Indian Government has been in the habit of estimating the whole population, which comes within the influence of the Bengal monopoly, at 30,000,000, and the consumption per head at 12lbs., which gives no more than 6,428,571 bushels, or 471,429 bushels less than what we have allowed. That this estimate is founded in error—that the consumption is over-rated and the population under-rated, is a matter which may be very easily demonstrated. The countries comprehended within the limits of the monopoly are Bengal throughout, the greater part of Bahar, and all Orissa. In the year 1801, or eight-and-twenty years ago, the two first were

this description (a native agent, commonly called a Dewan); and the oppression exercised by him upon the poor Molungees, or salt manufacturers, is horrible beyond any thing. Whenever a ryot (a peasant), in the salt districts, becomes so much embarrassed as to be able to go on no longer without extraordinary aid, he is tempted by the salt agent's Dewan to take the Company's advances for salt. Woe be to him, for from that moment he is a bondsman for life, without the possibility of extrication! By cheating him in the weight of the salt delivered, and squeezing him in various ways, he is made invariably to fall short of his deliveries by his contract; further extortions are made for the pretended concealment of this, and usurious interest charged till the following season, when, from the advances of the latter, the debts of the former are deducted. It is easy to see to what a state of dependence and abject slavery the Dewan soon reduces the unfortunate wretch whose necessities induced him to take the first fatal advance. He indeed makes him believe that his children's children are bound for his debt to the Government; and his victim, ground by oppression to the last extremity, is forced to get his morsel of rice by selling the salt, which he had agreed to deliver to the agent, to smugglers. In some of the districts the evils of the system being well known to the European agent, he is obliged, in mercy, indirectly to encourage the sale of salt, by the Molungees, to smugglers, beyond the quantity they engage to deliver to him, as the only means of enabling the people to live, or to deliver to him what they had agreed to do. A great source of loss to Government is the tendency of the Molungees to escape, in spite of the vigilance of the Dewan; and as he is responsible for the advances made, in order to save himself, he reports a certain number carried away by tigers every year. It is well known that the tigers do carry off a few every year, but it is equally well known that nine-tenths of those reported to have been carried off by tigers have made their escape. Could large manufactories for salt be established, they would of course be superintended by respectable men, and the Dewan system of small separate contracts, extending over a district of one hundred miles, be much curtailed, and thus would the abominable oppression of the Molungees, by the Dewan system, be mitigated. It will now be seen why—could not procure men to make salt. He began to collect them in the usual way, but when they found that it was to make salt that he required their services, the reports they made to their brethren prevented his getting any more, and those he had, very reluctantly put their hand to any thing that appeared to assimilate them with Molungees. They were suspicious of some trick that might entrap them, and they seemed to be perfectly aware of the degraded state of the Molungees, and fearful of being contaminated by an association in any way with them or their trade. They said, 'We are free men, we have come to cut jungle (forest), to make bunds (embankments), and to cultivate the land. Had we made up our minds to make salt, we should have done that at our own homes, but we are not in distress, nor do we desire to take the Company's advance.'

computed to contain, leaving three principal districts out of the estimate, 24,396,000 inhabitants. This was the result of a census attempted to be taken under the government of the Marquis of Wellesley, but that it was both inaccurate and under-rated there is the clearest proof. More careful and experienced inquirers than those who took the census upon this occasion, made afterwards an enumeration of the inhabitants of six districts of the provinces in question, and the result in every case not only differed from the accounts rendered in 1801, but invariably gave a higher population; and this, not such an augmentation as might have been expected to have taken place from natural increase, but such as showed the first census to have been both erroneous and under-estimated. These inquirers were Dr. Francis Buchanan Hamilton, the author of the *Journey in Mysore*, the most ample and instructive work that we possess on Indian statistics; and Mr. Bayley, now a member of the Supreme Council, and the author of an excellent Statistical Essay in the *Asiatic Researches*. In one district the magistrate, in 1801, had estimated the population at 1,000,000 in round numbers. The collector at the same moment estimated it at 400,000, and the inquiries of Dr. Buchanan Hamilton made it 2,735,000. In a second district the magistrate estimated the population at 700,000, the collector at 1,000,000, and Dr. B. Hamilton, but eight years afterwards, made it 3,000,000. In a third district the magistrate's estimate was 1,400,000, the collector's 1,450,000. Dr. B. Hamilton found the population in this case to be 2,900,000. Adding these corrections, and the latest of them was made fifteen years ago for five districts, to the original estimate of 1801, it turns out that the whole population of Bengal and Bahar amounts to 36,280,000, no allowance being made for increase of population; for any one of six districts, containing 14,859,000 inhabitants, for fourteen years, and none upon the remainder of the population, 21,421,000, for eight-and-twenty years, and this too, in a country where it is confidently asserted, even by the public authorities themselves, that population is rapidly on the increase. A judicious writer* after giving us these

* The late Mr. Walter Hamilton, whose works contain by far the best general view of the geography and statistics of the British territories in India and of the neighbouring countries which we possess. Under the unassuming name of a Gazetteer, his last edition of that work comprises the fullest, most recent, authentic, and readable account of the East which exists in any language. Mr. Hamilton is not only a judicious compiler, but an original writer of great merit.

results, makes the following observation. "It will immediately strike the reader, that if the population of the other districts be as much under-rated as of those surveyed by Dr. Buchannan, Hamilton, and Mr. Bayley, great as the sum total is, it might be almost doubled."

This is indeed under-rating what the population would be on such data. In three districts examined by Dr. Buchannan Hamilton, the augmentation given by his inquiries, beyond the estimates of 1801, which was 2,975,000, amounted to 5,660,000. This increase, calculated upon the 21,421,000, which underwent no subsequent correction, would make these 40,753,902, and the whole inhabitants about fourteen years ago would therefore have amounted to 55,612,902. This, it must be allowed, appears a more probable estimate of a population, admitted on all hands to be progressively increasing, than the stationary one of 30,000,000 constantly assumed by the Indian Government for near thirty years back. If, however, leaving the districts of which the most accurate census was taken as the population stood fourteen years ago, we add only the moderate augmentation of 30 per cent. for understatement and natural increase of population in eight and-twenty years, for the rest, the whole population will amount to 42,706,300.

Ireland is the country which probably approaches the nearest to that portion of India of which we are speaking in rate of increase of population. In the eight-and-twenty years intervening between 1791 and 1821, the increase here was estimated at above 60 per cent. We have assumed but one-half of this rate for Bengal, in order to be strictly within bounds. In all the estimates which have been made, however, Cuttack (a province completely subject to the monopoly, and which has been a British possession for five-and-twenty years), has been wholly omitted. By an estimate taken with unusual care by Mr. Stirling in 1822, it was found to contain 1,216,365 inhabitants, which, added to the last sum, will make the total number of British subjects within the limits of the salt monopoly of Bengal 43,922,665. But this is not all; a portion of the salt of the monopoly finds its way to the Garrow mountaineers, Assam, Bootan, and a considerable part of Nepaul. The number of the inhabitants of these countries consuming Bengal salt we have no means of ascertaining, and therefore, to avoid all exaggeration, we shall content ourselves with taking the whole consumers in round numbers, at only 43,000,000.

On the estimate of a consumption of 6,428,571 bushels,

made by the Indian Government, it will be found on the population now exhibited, that the allowance of each individual falls from 12lbs. to $8\frac{3}{8}$ lbs. and that even on the larger consumption, which we have allowed, of 6,900,000 bushels, it is no more than $8\frac{2}{8}$ lbs., or something short of 9lbs. This however is not the actual consumption of the people. The salt monopoly is defeated by smuggling, and by the use of substitutes. Smuggling is said to be carried on to the full amount of one-fourth part of the whole consumption. This would raise the quantity of salt used by each individual to $11\frac{23}{8}$ lbs. or $11\frac{1}{4}$ lbs. nearly. The duty upon no less than 1,725,000 bushels is of course, therefore, lost to the revenue.

In those parts of the country where price is enhanced by distance from the source of supply, or by the badness of the communication, substitutes of an offensive and disagreeable description are had recourse to; one of these is an impure muriat of soda, obtained from the mother ley of salt-petre, and another, a still more disagreeable and unwholesome compound, containing a large and offensive portion of sulphuret of soda. Necker, in speaking of the corresponding monopoly in France, and especially in reference to the extensive system of smuggling which was conducted, observes, somewhat sarcastically, that "the nature of things has often proved a better defence to the people than the wisdom of kings:" had he known of the Indian salt monopoly, he would, no doubt, have added, "than the wisdom of corporate bodies," for here, at least, the Company has a just right to be classed with kings.

The system pursued by the Bengal Government, in the supply of salt, is briefly as follows:—It employs agents to manufacture the salt on its own account; the salt is conveyed to Calcutta also on its own account, and here it is sold in large lots by periodical sales, the Government pledging itself, at the beginning of every year, that it will not sell beyond a certain quantity. British enterprise, skill, and, what is of equal consequence, British integrity are excluded, by statute, from either manufacturing or trading in salt. Because the servants of the East India Company behaved roguishly in a commerce which no public officer ought ever to have meddled with at all, the whole British nation is excluded from it, by one sweeping enactment. This is a tolerable specimen of the justice and wisdom of the legislation enacted under the influence or direction of the East India Company. The whole commerce in salt, consequently, falls into the

hands of a few wealthy natives at Calcutta, who, from the largeness of the lots, and the sales being confined to one spot, have the ready means of entering into combinations, and of defrauding both the state and the consumer: they do so most extensively; and here, then, we have a second monopoly, if possible, worse than the first. The Company allow the purchasers to retain the salt in their warehouses a whole year from the day of sale, on making a deposit of part of the price. Failures, from injudicious speculations, are frequent; and, consequently, it happens, that the Government warehouses are often teeming with salt, while the consumer is paying exorbitant prices for it; and from these exorbitant prices, driven to smuggling, or to the use of nauseous and unwholesome substitutes.

The Indian consumer never uses refined salt, a matter certainly not of choice but of necessity, for he could not afford it. The commodity, as it is first disposed of by the East India Company, is an ugly compound enough; in the hands of the native dealer, it undergoes further adulteration, and the consumer, finally, receives it a filthy black compound, which a respectable farmer in this country would unquestionably not give to his hogs. The adulteration made by the dealer, together with the use of short weights, have been reckoned to deteriorate the salt purchased at the public sales to the extent of 12 per cent.

To protect the salt manufactured on the spot from competition, foreign salt is loaded with a duty of 4s. per bushel, if imported in a British bottom; and of 8s., if imported in a foreign one. In the early period of the free trade, a quantity of British salt was imported from Liverpool, to the consumption of which the natives made no objection. It was, in due course, however, subjected to the duty above mentioned, and the produce of the soil and industry of Great Britain is, at present, deemed to be a foreign commodity in British India.

The cost of the native salt manufactured in Bengal, on account of the East India Company, has been estimated as follows:—The average price received by the manufacturer is 1s. 2d. per bushel; but to this is to be added about 12 per cent. for losses from bad debts, inundations, occasional premiums, &c., amounting to 2d. more, which raises the prime cost to 1s. 4d. The commission of the European agent, amounting to 2½ per cent., is charged upon the gross amount of the monopoly sales*. Estimating this last at the moderate

* This commission of 2½ per cent. amounts on the price paid to the

rate of 5s. 5½d., the prime cost is enhanced by about 1½d., so that the total cost to the Government is 1s. 5½d. per bushel, and their profit on that cost 3s. 11½d., equal to an *ad valorem* duty of about 273 per cent. There is, however, great fluctuation in the monopoly price, or, in other words, great fluctuation in the tax; and, accordingly, the average of the three years' accounts, ending with 1825-26, laid before Parliament, give results considerably different from this. The profit or duty here is but 217 per cent. These accounts again differ in this respect from each other. In 1823-24, the profit or duty was 220 per cent.; in the following year it was but 173 per cent., and in the last year it was no less than 276. The estimate for 1826-27 makes it but 247. None of these charges, however, will convey an adequate notion of the real cost to the consumer, enhanced, as the price is—by the sales for an immense territory being confined to one spot—by the forestalling of the first purchaser, and by the fraud and adulteration practised by him and others. An advance of 370 per cent. on the prime cost is not unfrequent in Calcutta; and in Bahar, although connected with the place of sale by the navigation of the Ganges, an advance of 580 per cent. is common. The great evil of the system, however, which consists in aggravating the prime cost of the article, by forcing its production in an unsuitable soil and climate, and excluding foreign salt, is not to be measured by such calculations as these.

It should be remarked, that a monopoly of salt on the rigid principle existing in Bengal, is a device of the British mercantile administration of India. Taxes, no doubt impolitic and oppressive enough, have always been levied by the native governors of India upon this necessary of life, but to have the price quadrupled, and the trade in it subjected to such restraints as we have described, is one of the first benefits which a conquered province receives when it is taken under British protection. Under the native Government of Bengal, it appears that the price of salt, all duties included, ranged from 1s. 3½d. to 2s. 2½d. per bushel, giving an average of 1s. 9d., which is near 68 per cent. less than the recent average price of the Company's sales, and about one-sixth part the price at which the consumer in Calcutta has been lately in the habit of receiving it.

The consumption of the north-western parts of the Bengal provinces is, as we have already described, supplied by rock salt, but chiefly by the produce of salt lakes. Both these

manufacturer to above 10 per cent., or to 9 on the agent's whole disbursements, that is, on the prime cost.

descriptions are, in the estimation of the natives, and indeed in point of intrinsic quality, inferior in value to marine salt, even such as is prepared in Bengal itself. Being the productions of independent, or, at least, foreign states, they cannot conveniently be subjected to the laws of the monopoly, although an unsuccessful attempt was at one time made with this view, and hence they pay a custom-house duty only. Upon the greater part this amounts to about 1*s.* 5*d.* per bushel, which is 64 per cent. less than the tax imposed upon British salt imported in British shipping. The Bengal boiled salt is superior to these in value in the same market, by about 10 per cent., and boiled white salt, such as might be imported from Liverpool, it has been computed, is worth at Patna about 11*s.* 10½*d.* per bushel, when the first is worth but 7*s.* and the second but 7*s.* 8½*d.* The population supplied by rock salt, and the salt of lakes passing through our dominions, may be computed at 37,474,000, of which 32,474,000 are British subjects. It furnishes the British territory, all the way to the confines of Bahar, until its price be equalised with the salt of the monopoly. The first description, therefore, comes all the way from Lahore, not less than 900 miles; and although, besides the duties which it pays to the British Government, it pays local and transit duties to various native princes, and is transported by a tedious and expensive land-carriage, it competes with the monopoly salt, but 460 miles from Calcutta, the latter having all the way the cheap and convenient water-carriage of the Ganges. The second, after paying similar duties, and undergoing a similar carriage for between 700 and 800 miles, completely excludes the monopoly salt from the whole province of Benares, and even, occasionally, reaches as far as Patna, little more than 300 miles from the place of sale. Surely no better proof than this can be given of the pernicious effects of the monopoly, or of the facility with which a great part of this portion of India might be supplied with foreign salt.

The Peninsula, or southern part of India, is, as we have already stated, chiefly supplied with bay salt, manufactured either on the coast, or at salt marshes connected with the sea. The Madras provinces had for a long time escaped the scourge of the salt monopoly; but, seduced by the example of Bengal, although the circumstances connected with supply were wholly different, the authorities at length established it here in 1805. The Madras monopoly, however, is neither so injudicious in its details, or oppressive in its operation as

that of Bengal, and it owes this to the natural impracticability of rendering it so. On account of the natural cheapness of salt, so exorbitant a price as is exacted in Bengal would have proved so high a bonus to the smuggler as to make its exaction impossible. The system pursued by the Madras Government resembles in a good measure the *gabelle* of France, except in the unequal incidence of the latter upon the mass of the people. The prime cost, or price paid to the labourer, varies at the different salt pans, according to the facility or difficulty attending the manufacture; but it seems nowhere to exceed 2*d.* per bushel. It is sold by public auction by the Government, on whose account it is manufactured, at the fixed price of 10 $\frac{1}{8}$ $\frac{6}{8}$ *d.* for the same quantity, being an advance or duty equal to 8 $\frac{1}{8}$ $\frac{6}{8}$ *d.*, or 408 per cent. The real cost of the salt to the Government, however, as shown by the accounts laid before Parliament, differs materially from this, for, on the average of the three years, ending with 1825-26, the actual amount of sales exceeds the costs and charges only by 289 per cent.; which is of course the amount of tax actually received by the Government, while the duty paid by the consumer is 408.

The consumption of salt at Madras, or rather the amount of the public sales, has been reckoned, on an average of several recent years, at 6,041,872 bushels. The population of this presidency, according to a recent census, was found to be 13,508,535. Were the whole salt therefore consumed by the inhabitants subject to British authority, the consumption per head would be above 25*lbs.* This, however, is by no means the case, for a considerable quantity of it finds its way into the territories of the neighbouring tributary princes. From the moderation of its price, however, the consumption of the salt at Madras is known to be very large, and has been estimated rather to exceed than fall under 20*lbs.* a head.

The monopoly of salt appears to have been recently introduced into Bombay. We believe the system to be similar to that pursued at Madras, but we possess no authentic statements respecting its details. In this quarter of India the greater part of the revenue derived from salt, however, is probably still taken in the form of customs, or of a duty levied at the place of manufacture.

A system so unwise and unjust as that of which we have now given an outline, cannot, we presume, be long persevered in. We are of opinion that an open trade, with moderate duties, ought without delay to be substituted for it. To apprehend loss of revenue from such a measure, is to

apprehend that which has never happened any where else. On the contrary, it may be reckoned with certainty, that the public resources will be greatly improved by a change of system. The history of the salt monopoly itself sufficiently evinces that it possesses none of the properties of a good tax: a retrospective view of the principal branch of it, that of Bengal, which we now proceed to take, will show this in a very satisfactory manner. On the average of the seven years ending with 1814-15, the net revenue of Bengal, derived from the salt monopoly, was 1,049,106*l*. In the first year of this period it was larger than in any other, and by 24 per cent. larger than in the last. In the seven years ending with 1821-22, the average revenue was 1,108,163*l*., being only 5½ per cent. in excess of the previous period. The last year of this series, however, or 1821-22, was a remarkable one, the Company having benefited, and the commercial community and the consumer having suffered, through the commercial distress of the time, which drew a great deal of unemployed capital to the salt sales. The net revenue of this year amounted to 1,229,421*l*., which was an excess of 13 per cent. beyond the average of the six preceding ones. On the average of the three years ending with 1825-6, the net revenue amounted to 1,252,022*l*., an apparent augmentation on the first period of about 19 per cent., and on the second, of between 12 and 13 per cent. The revenue of the year 1823-4 amounted to 1,298,439*l*. Next year, however, it fell off by 160,546*l*., and was 91,528*l*. less than it was four years before. In the last year to which the accounts are made up, or 1825-6, the salt revenue amounted to 1,319,734*l*. Comparing this particular year with the revenue of the year 1808-9, which was 1,194,835*l*., or the first which we have quoted, it will appear that in fourteen years the whole augmentation amounted only to 124,899*l*., or about 10 per cent. Surely this is not such an augmentation as ought to be looked for in one of the greatest branches of the public revenue of a great country. In fact, the supply has not kept pace with the demand, nor is it possible that it should under such a system. Foreign salt is excluded, or very nearly so, and both, from natural causes and factitious difficulties, engendered by the monopoly itself, the produce of the domestic manufacture is wholly incapable of keeping pace with the great increase of population which is universally acknowledged to have taken place. The cost of production and management have greatly increased, and while

the proportional supply is smaller, the price to the consumer has been enormously enhanced. Thirty years ago the consumption was equal to 6,000,000 of bushels, and the ordinary estimate now made by the local Government, of 6,428,571 bushels, shows an augmentation on this amount of little more than $7\frac{1}{2}$ per cent. Our larger estimate of 6,900,000 bushels shows an increase only of 15 per cent.; and the largest sale ever known, or 7,200,000 bushels, makes the increase but 20 per cent. The cost to the consumer in the mean while has been enhanced to the extent of at least 33 per cent. In 1808-9 the costs and charges amounted to 28 per cent. on the net revenue; seven years afterwards they rose to 32 per cent.; and at the termination of the next period of the same duration, they were 57 per cent.; or in fourteen years they had more than doubled. In the succeeding year indeed we find them reduced to 36 per cent.; being no more than 10 per cent. beyond their amount fifteen years earlier. This reduction, however, is probably accidental, for in the estimates of the ensuing year, 1826-27, we find them again rated at 40 per cent.*

If we compare the salt monopoly with any other branch of the Indian revenue, in which there is any semblance of freedom, we shall be forcibly struck with the contrast. In the ceded and conquered provinces under the Bengal presidency, the net land revenue, customs, &c., in 1807, amounted to 1,942,678*l*. In the sixth year, inclusive from that date, they amounted to 2,501,014*l*., or had sustained an advance of between 28 and 29 per cent. Six years after this again they sustained another advance upon the last-named amount of above 25 per cent., or in short in eleven years they had increased by 61 per cent. The increase in the salt revenue in fourteen years, as we have already seen, was but 10 per cent. The large increase in the land-tax and customs of the upper provinces, was, for the most part, produced by an extension of agriculture and commerce, or in other words, by an extension of the means of paying. The paltry increase in the salt monopoly has been produced by increased taxation—

* Various attempts have been made at different times, but with little success, to prop up the system of monopoly, of which the favourite principle is an endeavour to produce the whole salt within the Bengal provinces themselves, in order that the local Government may preserve its patronage entire. In 1805 the prime cost of salt was but 1*s*. per bushel. In an ineffectual attempt to augment the produce, it has been raised, exclusive of agency, by 33 per cent.; and the quantity, in reference to the population, is, notwithstanding, smaller than ever. One would have thought this a sufficient and convincing proof of the real impracticability, for all useful purposes, of the whole system.

by a mere brute increase of the cost of a necessary of life, unaccompanied by any corresponding increase in the means of paying the tax on the part of the consumer.

The reader, however, may consider the opium revenue (also a monopoly, and to be presently described) as a juster subject of comparison. Here, however, the consumers are not subjects of the East India Company, but strangers not under its controul, who buy, or who decline to buy, just as they think proper. In the commerce carried on in this article, moreover, the capital and enterprise of Europeans are not excluded. On the contrary, the revenue owes its very existence to them. In instituting a comparison between the opium and salt monopolies, we take the same periods, premising, that thirty years ago, and until the free-trader had created a market for it, the opium revenue, which now contributes so largely to the public resources, was wholly insignificant. On the average of the seven years ending with 1814-15, the net opium revenue amounted yearly to 652,037*l.* In the seven years ending with 1821-22, it rose to 761,351*l.*, or was enhanced by between 16 and 17 per cent. But the most extraordinary enhancement took place in the two last years of the latter period, when the average net revenue was 990,259*l.*, or an advance upon the first period of near 52 per cent. Were we to go back to more distant periods than we have quoted, the augmentation would appear still more striking. In the year 1808-9, for example, the net revenue was but 418,326*l.*, which is a good deal less than one-half the average to which we have just referred. The difference between the costs and charges is not less remarkable. In 1808-9 the costs and charges on the opium revenue amounted to 16 per cent. Six years afterwards they were between 7 and 8 per cent.; in six years after that again, they were between 8 and 9 per cent. In the case of the salt we have seen an enormous augmentation of costs and charges throughout*.

The gross revenue accruing from the salt monopoly at Madras, on the average of the three years ending 1825-26, was 323,359*l.*, and the net revenue 240,359*l.* The costs and charges, therefore, amounted to no less than 83,000*l.* According to the statement we have already given, the prime cost of the salt would not be more than 50,316*l.* Salaries and establishments, therefore, must have come to the enormous sum of 32,684*l.*, which shows that the charges of collection

* In later years than those we have quoted, the results of the opium monopoly are indeed very different, and for reasons which will be afterwards explained.

amounted to above 13 per cent. Even this, the best form of the Indian salt monopoly, affords, therefore, no very flattering results. Its advantages over the Bengal system, however, are great. The consumer pays in the latter between six and seven fold more for a necessary of life than he does in the former. No doubt a considerable share of the advantages of the Madras consumer arise out of the natural cheapness of the commodity; but the charge to the Bengal consumer is exorbitantly enhanced by the weight of the tax, and the exclusion of foreign salt;—in short, by the severe and impolitic nature of the monopoly throughout. Necker, speaking of the operation of the *gabelle**, observes, that it was impossible to think of the excessive price of salt in several parts of France, without “regretting bitterly” that the people should be forced to use, with extraordinary reserve, a commodity of which nature had been so bountiful to them. The hardship is surely still greater of aggravating, by an impolitic system of taxation, the price of this necessary in a country to which nature *has not* been bountiful in supplying it, and where, consequently, the inhabitants are at the entire mercy of the power that rules them.

The revenue derived from the salt monopoly at Bombay, appears, as far as can be judged from the public accounts, to be very trifling. In 1823-4, its gross amount was no more than 5,159*l.*; in 1824-5, it was 9,569*l.*; and in 1825-6, 13,471*l.*: the average, therefore, being no more than 9,399*l.* No account is exhibited of charges of collection; but if we estimate them at 13 per cent., as at Madras, the net revenue will amount to no more than 8,178*l.* So paltry a sum as this, from a population of 10,500,000, will not afford room for eulogy to the advocates of any monopoly.

With respect to the revenue derived from salt in the north-western provinces of the Bengal presidency, as it arises from customs, the public accounts afford us no means of distinguishing its amount. The alleged consumption of these provinces is 3,000,000 of bushels, but this is obviously under-rating it, for the population of the British territories alone is estimated at 32,474,000; and to this must be added the dominions of Oude and Nepaul, said to contain between them 5,000,000 of inhabitants; and which, being intercepted from the great sources of salt by the British possessions, can receive no external supply, except through the latter. We have then a population of 37,474,000 inhabitants, for whom the supply which we have quoted would give a consumption

of scarcely $4\frac{1}{2}$ lbs. a head. Such an estimate, making every reasonable allowance for small internal supplies for Oude (Nepaul is wholly supplied from the British dominions),—for smuggling,—for salt supplied by the monopoly, and for substitutes, is wholly unreasonable. There can be no doubt that it is infinitely greater, for salt on the western frontier of the provinces in question must be greatly cheaper than in the monopoly districts, as is sufficiently proved by its being conveyed from thence to the latter, a journey of from five to six hundred miles. The duty upon salt in this quarter varies according to the quality and denomination of the salt. Upon the best and the larger quantity, which is the foreign salt, obtained from lakes, and upon rock salt, it is 1s. 4d. per bushel; upon others, it is 1s.; and upon the bad and impure salt, obtained by boiling the muddy brine of salt springs within our own territories, it is as low as 8d., and even 4d. Now the highest of these rates is just one-third; the second, one-fourth; the third, one-sixth; and the fourth, one-twelfth of the duty imposed upon all foreign salt (which, as we have already stated, includes British salt) imported seaways for the consumption of Bengal. Our most ancient provinces, those which afforded us the resources through which we conquered all the rest, are, it appears from this, made the very preserve of the monopoly. To have “eaten another’s salt,” is, in the Eastern language, the only expression by which allegiance and gratitude are acknowledged; for neither the genius of the oriental languages, or the genius of the oriental people, is remarkable for exuberance in this particular. It would be well, therefore, in the Honourable Company not to put both the phrase and the sentiment altogether out of fashion, by charging so high a price for theirs!

The whole revenue derived from the *monopolies* of the East India Company in the article of salt, appears, from the statements and explanations which we have now given, to amount, on the average of the last three years to which the accounts have been rendered, to 1,584,780l.; or, leaving out Bombay, of which the accounts are imperfect, to 1,575,381l. This last is the whole sum derived from a population of 56,508,535; or, taking the estimates of the Indian Government itself, of 43,508,535 souls. The revenue afforded by the last-named number is at the rate of $8\frac{6}{100}$ d. per head; by the first it is only $6\frac{6}{100}$ d. The whole salt consumed by the population in question is 12,941,872 bushels, and therefore the net revenue per bushel is $29\frac{5}{100}$ d. We think it would be no difficult matter to point out an arrangement, under which the consumer may have cheaper and better salt—by which the

commerce of the country, internal and external, may be greatly extended and improved—and by which the public revenue may be greatly augmented. Before doing so, however, we shall briefly explain the systems pursued by civilized governments in respect to a salt revenue: taking the examples of the United States of America, of the Netherlands, of Great Britain, of France, under her old and reformed government, and of Russia.

In the United States of America, it is hardly necessary to say that there is no salt monopoly: in the territory of the Union there are few natural stores of salt, and the soil and climate of the coasts are generally unfavourable to the manufacture. America finds it commonly cheaper to import than to manufacture; and, in the meanwhile at least, for her pretended system of protection is not as yet extended to this article, she imports freely from all parts of the world that have the capacity to supply her wants. We have inspected the American accounts for three years, and find that the average of these gives an import of 4,092,787 bushels of foreign salt, worth 114,847*l.* at the prime cost in the countries from which it was imported. The imports in 1827 were 4,320,489 bushels, and the value 115,402*l.* As to the countries from which this supply is derived, they embrace a very wide range indeed. The United States receive large supplies from the West Indian islands; they receive still larger from France, Spain, Italy, and the Austrian ports in the Adriatic: even Madeira, the Cape de Verde, and the Azores islands; Turkey and Africa furnished their share. But the largest portion of all, sixty-eight parts in the 100 of their whole supply, was furnished by British ports, metropolitan or colonial. The consumption of the United States in foreign salt, we take from the letter of the Secretary of the Treasury:—In 1827 it amounted to 3,431,163 bushels, which, estimating the population of the United States as high as 12,000,000, is equal to a consumption of better than 16*lbs.* a head. Of the amount of domestic salt consumed we possess no accurate means of judging. From the papers respecting the American tariff, laid before the House of Commons last year, it would appear that the quantity of domestic salt manufactured in the United States, chiefly in Pennsylvania, the State of New York, Virginia, Tennessee, Massachusetts, and North Carolina, is not less than 2,645,000 bushels: this, added to the quantity imported paying duty, would make the total consumption 6,076,163 bushels, which gives no less than 28 $\frac{3}{16}$ *lbs.* for each individual. The

produce of domestic industry, it should be observed, is entirely duty free.

Upon all the salt imported into the United States a duty is levied, without any distinction of the country from which it is brought. This duty amounts to 20 *centimes*, or to one-fifth of a dollar, equal to little more than $10\frac{1}{4}d.$ per bushel; and here we should pause, to notice the offensive contrast between the conduct of the United States of America and the British commercial administration of India. A commercial rival admits the produce of British industry at a low and moderate duty, while a British administration excludes it by a prohibitory impost of between four and five times its amount! The American duty on the prime cost in England of British salt is 164 per cent. In the territories of the East India Company—in our own colony—in a country where the statute expressly provides “that nothing therein contained shall extend, or be construed to extend, to prejudice or affect the undoubted sovereignty of the Crown of Great Britain and Ireland”—the produce of the land and labour of the kingdom pays the overwhelming duty of 768 per cent. The net amount of revenue derived by the United States from the article of foreign salt amounted in 1827 to 686,232 dollars, or 147,968*l.* The first cost of all salt in America in 1827 was 1*s.* $0\frac{1}{2}d.$ per bushel; and, adding the duties, the charge to the consumer will be no more than 1*s.* $10\frac{3}{4}d.$ This last is but 30 per cent. more than the prime cost of salt in Bengal *without* duties—it is 52 per cent. less than the mere duty in Bengal, and the united prime cost and duty in Bengal, or the price paid by the consumer, is higher than the price paid in America by 3*s.* $6\frac{1}{2}d.$, or 186 per cent. We have seen that the monopoly of salt under the Bengal and Madras Presidencies affords, on a population of 56,508,535 souls a revenue of no more than 1,575,381*l.*, while the duty per head, amounts to 6*½**¢**d.* The American duty per head is no more than 2*½**¢**d.*

The kingdom of the Netherlands is much worse off than the United States in respect to an internal supply of salt, and, we may add, pretty much in the same situation as Bengal would probably be in, if the manufacture of that article were not forced through the monopoly. It has neither salt mines nor salt springs, nor does a muddy, rainy, stormy, and foggy coast, afford any natural facilities for manufacturing the commodity from sea-brine. With exceptions, therefore, too trifling to deserve notice*, the whole population of the kingdom,

* We believe there is one manufactory, upon a small scale, near Leyden, but we have heard of no other.

reckoned to amount in the present year, in round numbers, to 6,000,000, is supplied with foreign salt; and England, when there is no misunderstanding between the governments of the two countries, furnishes nearly the whole supply. The foreign salt is imported in a crude state, and refined in the country itself. If imported in a foreign bottom, it pays a custom-house duty equal to about $10\frac{1}{2}d.$ per bushel, but in national ships it is free: this, of course, amounts to a prohibition of importing it in the former, and consequently it may be said to pay no customs. The excise duty amounts to six florins 13 cents for every 100lbs. weight, equal to $63\frac{7}{10}d.$ per bushel. All salt used in arts and manufactures—in the curing of meat, and the curing of fish, whether at home or abroad, as well as all refined salt exported, are duty free; and even all crude salt re-exported pays an export duty of no more than five centimes of a florin, which is of course merely a nominal impost. Besides this, the refiners receive credits and accommodations from the Government.

As to price, on the average of the three years ending with 1827, the cost of crude salt, commonly rock salt, has been $9\frac{17}{100}d.$, or near $9\frac{1}{2}d.$, per bushel, duty excluded. The cost, with the duty of course, is $6s. 1d.$ per bushel. This is but $7\frac{1}{2}d.$ more than the price paid by the consumer in Bengal, as exhibited by the public sales, and without making any allowance for the iniquity that follows—although the rate of duty in the one case be only 273 per cent., while in the other it is 680, or 407 more. Of the actual consumption of the Netherlands, we have not the means of rendering a full account; but we may state that, on the average of the three years ending with 1827, the imports at the three ports of Antwerp, Rotterdam, and Dordt, amounted to 1,627,360 bushels, which alone gives a consumption of more than 15lbs. a head. Large imports, however, take place at Amsterdam, Ostend, Newport, and other places, of which we have no account. The export of crude or refined salt, sea-ways (except for the fisheries), is very trifling; and it is absolutely prohibited land-ways. We shall probably not overrate the consumption of the Netherlands at 20lbs. a head.

As to revenue, the net amount of that of the Netherlands derived from salt, for the year 1821, was 216,245*l.* In 1826, the last which we have seen, it rose to 228,811*l.** Now if 6,000,000 of inhabitants, with all the exemptions which we

* This is the excise duty only. The import and export duties are mixed up with the rest of the customs; but, from what we have already said, they must be trifling in amount.

have enumerated, give a revenue of 228,811*l.*, the 56,508,535 inhabitants subject to the Indian monopoly, with no exemptions at all, ought to give at least 2,154,962*l.* They give but 1,575,381*l.*, or less by the sum of 579,581*l.*, or, which is the same thing, free trade, even under high duties, exceeds in financial productiveness, as well as it does in public convenience and utility, the monopoly system by above 36 per cent.

But the salt revenue of the Netherlands, notwithstanding its superior productiveness, seems far from being well regulated. If we add 5 per cent. to the revenue for the expenses of collection, we shall find that the amount of salt on which duty is actually levied is no more than 905,042 bushels, which gives for culinary salt, but 8, $\frac{4}{7}$ lbs., or barely 8 $\frac{1}{2}$ lbs. a head. It is true that, in that cold and damp country, large quantities of salt provisions, especially fish, are consumed, and that the salt employed in curing these ought to be added to the actual consumption. Making every allowance for this, however, there must be considerable mismanagement; and it is probable that the large duty encourages smuggling to a great extent. The superior advantage of low over high duties is sufficiently obvious, if we compare the effects of the American with the Netherland rates. Under the low duties in America, the consumption of foreign salt paying duties exceeds 16 lbs. a head. Under the high duties in the Netherlands, it is little more than one-half of this. The Netherland duties exceed the American by 521 per cent., but the proportional revenue exceeds the American revenue only by 209 per cent. Were the Netherland revenue as productive as that of America, in proportion to the superior duty levied, instead of amounting to 228,811*l.* it ought to have amounted to 459,440*l.*, or to have been more than double its present amount. This striking fact is a sufficient condemnation of high duties. In fact, in such countries as the Netherlands, the United States, and Bengal, where there is little natural or local supply of salt, the impolicy, as well as injustice of high duties, is obvious. Under their operation smuggling must defeat the revenue, or, where smuggling is impracticable or difficult, the people must be oppressed. The costs of bringing salt from abroad to such countries, is itself a species of natural tax imposed upon the inhabitants, and surely ought not to be aggravated by the act of their governments.

Great Britain is very differently circumstanced from the countries now mentioned; it possesses cheap natural supplies of salt. On this account, as well as because the commerce in salt was free, even an exorbitant rate of duty made

our revenue system infinitely less oppressive than the monopolies of our Indian Government. In 1823, the total quantity of salt consumed in Great Britain, or rather the quantity paying duty, whether for domestic purposes, for the use of cattle, for curing meat, or for fisheries, was 2,681,132 bushels, which gives a consumption per head of no more than $10\frac{4}{10}$ lbs. The duty on English salt for domestic use was 15s. per bushel, and on Scotch salt, dearer however, and much inferior in quality, only 6s. The duty on salt for feeding cattle, in England, was 2s. 6d.; in Scotland, 6s. The duty on salt for curing provisions was the same in both countries, and 1s.: the duty on salt exported was only 1d. per bushel. The price of ordinary English salt, at present, may be taken at 15s. per ton; the duty upon this valuation, therefore, was 30l. sterling per ton, or 4566 per cent. If we take the value of Scotch salt at 12s., the duty on this would have been 12l., or 1900 per cent.: the price of a bushel of salt, duty paid, in England, would be 15s. $4\frac{1}{2}$ d., and in Scotland 6s. $3\frac{1}{2}$ d. The extravagance of these imposts, their inequality in different parts of the country, and under different circumstances, must, without doubt, have encouraged smuggling to a great extent, so that the actual quantity of salt which paid duty can convey but a very imperfect notion of the real consumption of the country*. The salt duties in Great Britain, however, were productive in point of revenue. In 1821, before any reduction took place in the tax, the net excise revenue on salt amounted to 1,559,062l., and the charges of collection were only $4\frac{2}{100}$ per cent., or nearly $4\frac{1}{4}$. For England only, excluding Scotland, the net revenue was 1,476,240l.

The revenue derived from salt in England and Wales, in 1821, was 1,476,240l., their population in the same year being 11,978,875, so that the proportional quantity of salt paying duty is very nearly the same as under the Bengal monopoly. 11,978,875 inhabitants in the one country, therefore, contributed to the revenue, in a free trade, by no less than 224,218l. more than 43,000,000 under the monopoly contribute in the other. Were the salt duties as productive, in point of revenue, in Bengal as they were in England, they ought to have yielded, not 1,252,022l., but 5,299,188l. The salt revenue of England, from a population of 11,978,875, and a consumption of 1,986,530 bushels,

* We believe that the quantity of salt supposed to be smuggled was estimated at the enormous amount of 2,000,000 bushels. Were this the case, the real consumption of the country, per head, would be about $18\frac{1}{4}$ lbs., a quantity which seems exceedingly probable.

was within 99,141*l.* of the produce of all the Indian salt monopolies, derived from a population of 56,508,535; and a consumption of 12,941,872 bushels, that is of a consumption between six and seven fold greater. Were the revenue derived from the whole salt monopolies of India equally productive with that derived in a free trade in England, they ought to amount, not to 1,575,381*l.*, but to 6,963,939*l.* On the other hand, had the Government of England followed the example of the Government of India, and established a monopoly—had it manufactured all salt on its own account—had it prohibited the use of machinery, or at least excluded from the manufacture all who had the skill to use machinery—had it forced the production of salt in the most unsuitable parts of the United Kingdom—had it, except under heavy restrictions, prohibited the most fertile provinces from supplying the wants of the least fertile, or of those that had no supply at all—had it assumed a right of property in salt lands, salt springs, and salt mines, giving the proprietors a pittance in lieu—had it sold its salt by distant and periodical sales, at one, or at most two spots only, such as London and Edinburgh, for example—had it prohibited the most honest, wealthy, and enterprising merchants of the United Kingdom from manufacturing salt, or dealing in salt, at the peril of being guilty of a misdemeanour—then, the expenses of collection, instead of being $4\frac{1}{2}$ per cent. would be for the most part 30 per cent., and at the least 12 per cent.; and the revenue, instead of being 1,476,240*l.* would, in all human probability, not have exceeded 381,172*l.*, that is, it would have amounted to a fraction less than one-fourth of what it was under a system not particularly wise or particularly judicious, and of which the errors and oppressions brought about the abolition! (3)

The system of monopoly pursued in France, in respect to salt, under the ancient government, is strikingly illustrative of the Indian salt monopoly. That barbarous system, commenced in a barbarous age, the middle of the 14th century*, and, with incomparable pertinacity, was persevered in for four centuries and a half, or until the great reform of French government and French society took place, and swept it away, like many other nuisances. Under the *gabelle*, or salt monopoly of France, the consumption of salt amounted, in 1784, to 6,818,736 bushels, and the population was 24,800,000; so that the consumption was at the rate of 15 $\frac{1}{10}$ lbs. per head. The operation of the tax, every body

* In the year 1312.—NECKER, *Sur les Finances de la France*.

knows, was not only unequal, but many parts of the kingdom were exempt from the impost altogether. The consumption, as in every other case of the same nature, was in the inverse proportion of the weight of the tax. In reference to this impost, the kingdom was divided into six districts, and the Government took upon itself the duty of manufacturing and vending the salt, at fixed prices. 8,300,000 inhabitants, or a full third part of the whole population of the kingdom (*grandes gabelles*), paid for their salt at the rate of $26s. 0\frac{1}{8}d.$ per bushel, and their consumption per head was only $9\frac{3}{8}lbs.$ 4,600,000 inhabitants (*petites gabelles*) paid for their salt only at the rate of $13s. 11\frac{1}{8}d.$, or about $13s. 11\frac{1}{2}d.$ per bushel, and their consumption immediately rose to $12\frac{5}{8}lbs.$ 1,960,000 (*salines*) paid for their salt at the rate of $8s. 10\frac{1}{8}d.$ per bushel, and the consumption per head here was $15\frac{1}{8}lbs.$ 585,000 inhabitants (*quart-buillon*) paid for their salt $6s. 8\frac{5}{8}d.$, and the consumption rose to no less than $34\frac{1}{8}lbs.$ per head. In this last case, however, it must be observed, that the supply of salt was on the spot, and that the commodity was of inferior strength and quality to what was used throughout the rest of France. 9,355,000 of the population of France (*Franches et Redimées*) were altogether free from the salt impost: their consumption could not well be ascertained, but it was conjectured, in round numbers, at $19\frac{4}{8}lbs.$ per head; which, making every allowance for the distance of this part of the population from the sources of supply, and the enhancement of price, even to them, consequent upon the derangements produced by the oppression of the monopoly elsewhere, appears evidently to have been an under estimate. The badness of the roads, and the general want of all easy communication, it should not be forgotten, prodigiously enhanced the price to the consumer throughout the greater part of France, independent of the tax. Even in those parts of the country which were free from the salt impost, the price of the article fluctuated from $10\frac{1}{8}d.$ to $5s. 0\frac{4}{8}d.$ per bushel.

The total revenue of France, under the *gabelle*, was 60 millions of francs, or 2,426,250*l.* The first class of tax payers contributed to this amount no less than two parts out of three, and were taxed per head at the rate of $3s. 10\frac{1}{2}d.$: 7,145,000 of the population paid the remainder of the impost. These last, therefore, were taxed only at the rate of $3s. 3\frac{1}{8}d.$ per head. Sixty-two parts in a hundred of the whole population paid the entire tax, while thirty-eight parts were wholly exempt. To the consumer, the only redeeming quality in the *gabelle* was the invariableness of the price, and

the certainty of the supply: in every other respect it was utterly indefensible. Among the greatest mischiefs arising out of it was extensive smuggling. Necker gives a frightful picture of the extent to which this was carried, and of the miseries produced by it. One year with another there were made 3700 seizures of contraband salt; and one year with another there were arrested on public roads or bye-ways 2300 men, 1800 women, 6600 children, 1100 horses, and 50 carriages! The number of persons yearly sent to the galleys for violations of the salt and tobacco monopolies, by far the greater number on the former account, exceeded 300, and the ordinary number actually at the galleys, for the same class of offences, averaged from 1700 to 1800, being about one-third part of the whole number of convicts. We shall be curious to see, in the course of the Parliamentary investigation which is soon to take place, a correct return of the men, the women, the boys, and *the bullocks*, arrested for breaches of the Indian salt monopoly; as well as of persons condemned to hard labour, or to banishment, not forgetting the numbers carried off by tigers, by alligators, by jungle fevers, and by dysenteries.

In point of revenue, the *gabelle*, with all its severity and oppressiveness, was comparatively not very productive. This will appear clear enough, from the following statement: the consumption of salt in the country of the *grandes gabelles* amounted to 1,464,735 bushels, and, notwithstanding the exorbitant price of 26*s.* 0*1* $\frac{3}{8}$ *d.*, the profit of Government amounted only to 3*s.* 11*d.*; so that the costs and charges, in the prodigal hands of Government, amounted to 22*s.* 1*1* $\frac{3}{8}$ *d.*, and this, in a country where the first cost of salt could hardly exceed 4*d.* a bushel. If the same excise tax had been levied on the population of France as existed in England, the revenue, with an open trade in the commodity, and a system unquestionably far less oppressive, instead of 2,426,250*l.*, would have produced 3,056,276*l.*, while the price of salt to the class of persons most highly taxed in France would (cost of transport of course excluded) have been full 40 per cent. cheaper.

The system at present pursued in France, in the taxation of salt, is, with the exception that the impost is infinitely too high, to all appearance unexceptionable. It is neither more or less than an excise duty, levied on the commodity at the place of manufacture or extraction. In the revenue accounts, the proceeds are entered under three different heads, viz. duty levied on the extraction of salt on the coast;—the same in the interior, and the same from the salt springs and mines

of Franche Compté, known under the name of the *Salines de l'Est*. The rate, however, seems to be the same throughout, and these distinctions point only at the sources from which the salt is derived, and perhaps to some modifications in the manner of collecting the duty. Salt in France, for fifteen years after the destruction of the *gabelle*, in 1791, was exempt from all impost. This was of course followed by great advantages—marshes incapable of cultivation were converted into salt fields (*marais salans*), improved processes were applied to the manufacture of salt; production of course was greatly increased, and, consequently, increased consumption followed. The agriculturalist could now afford to apply salt as manure, and use it more liberally in the feeding and fattening of cattle, and hence a great improvement, especially in the culture of the olive, and in the rearing of stock. In 1807 the French Government imposed a duty of two decimes per kilogramme on salt, equal to 4s. 1⁴/₈d. per bushel. The consumption per head, or more correctly, the quantity of salt paying duty, amounted with this tax to 14⁶/₁₀ lbs. In 1815, the duty was raised by one decime. This is the same which is at present in operation, and of course is equal to 6s. 2¹/₈d. per bushel. Upon this increase of duty, small as it appears to be, the consumption fell off by one-third of a kilogramme per head, or amounted now only to 13³/₁₀ lbs. for each individual*.

In 1819, the net revenue derived by France from salt amounted to 2,042,469*l.*; in 1820, it rose to 2,199,181*l.*; in 1822, it was 2,211,090*l.*; and in 1825, it was 2,264,494*l.* Here then, without any alteration of the rate of duties, there was an increase of revenue in six years of between 10 and 11 per cent. In 1827, the French salt revenue was 2,546,147*l.* This shows an increase, in eight years, of between 24 and 25 per cent.—the simple result of increased prosperity and increased population. We have looked into the French accounts for twelve consecutive years, and find that on seven years there was an increase, and on four only a decrease; the highest amount of the latter in any one year below the preceding one being short of 2 per cent. and the lowest less than one-half per cent. The

* While salt was free from duty in France, after the destruction of the *gabelle*, the total value of the produce throughout the kingdom was estimated at 1,000,000 sterling per annum. Estimating its value throughout at 4*d.* per bushel, the total quantity must have been 60,000,000 of bushels. The duty is said to have reduced the quantity to one-tenth of this amount, and the exportation is comparatively inconsiderable. There is possibly some exaggeration in the account of increase, and evidently a great deal in the account of decrease.

charges of collection, as far as we can discover, appear to be about 8 per cent.

The total consumption of salt in France, or more properly, as before said, the amount paying duty, is ascertained by multiplying the population by the consumption per head. In 1823, the population of France amounted to 30,465,291, and the consumption of salt, of course, was 7,580,054 bushels. In 1828 the population was estimated at 32,000,000, and the consumption would necessarily have been 7,961,904 bushels. Now if we compare the salt revenue, as managed in France, with our Indian monopolies, the advantages in favour of the former will appear immense. Let us make this comparison in the first place with the salt monopoly of Bengal. According to the view of the Indian authorities themselves, the whole salt paying duty in Bengal is only at the rate of 12lbs. per head; in France it is at the rate of nearly 14lbs. By our estimate, however, the quantity of salt paying duty in Bengal is no more than $8\frac{2}{3}$ lbs., being above 35 per cent. less than the consumption of France. The revenue afforded by the whole Bengal monopoly is no more than 1,252,022*l.*, from a population of 43,000,000. The revenue afforded by France, from a population of 32,000,000, is 2,546,147*l.* Were the Bengal system equally productive in proportion, it ought to have amounted to 3,421,386*l.* In point of mere fiscal advantage only, it falls short of this by no less than 63 per cent. We do not, however, mean to affirm, that, under any policy, Bengal would yield such a proportional revenue as France, for the circumstances of the two countries are wholly different. The French tax is a great deal too high, even for a country where salt is cheap, good, and abundant, and would be intolerable in one like Bengal, where the natural supply is dear, bad, and inadequate, and where the consumption of foreign salt in the freest trade, and under the most liberal fiscal arrangements, from whatever quarter it may come, must be greatly enhanced to the consumer, by the expensive transport of a bulky commodity. A comparison of the French revenue with that of Madras and Bengal jointly, will exhibit a still uglier view of monopoly. The population of these two places, subject to the monopoly, is 56,508,535, and the consumption of salt is 12,941,872 bushels*. The joint

* This statement, owing to the comparative cheapness of Madras salt, and there being comprehended in the quantity stated the amount furnished to neighbouring countries not included in the census, gives a consumption of $12\frac{2}{3}$ lbs. per head. Even this, however, falls short of the consumption of France by $1\frac{1}{3}$ lbs.

revenues of Bengal and Madras amount to 1,575,381*l*. Were they equal to the revenue of France, they would amount to 4,496,219*l*.

Russia is, we believe, the only country in Europe sufficiently barbarous in its policy to retain a salt monopoly. The Russian Government manufactures, distributes, and vends the whole salt of the empire, and, whatever its cost, it vends it every where to the consumer at the same price, viz.: 35 copecks per poud, equal to 1*s*. 9*d*. per bushel. The revenue derived from this odd species of monopoly is said to be very trifling; but we have heard no statement of its actual amount. In short, the Russian salt monopoly appears to be little better than a piece of imperial vanity—an attempt to furnish the people with what the people could better, and more cheaply, furnish for themselves. That it must prove a heavy obstacle to industry and commerce there can be no question, although, at the same time, it must be allowed, that in its operation it is one of the least injurious freaks of the same kind that a despotical government could indulge in. Salt, throughout every part of Russia, it appears from this statement, is full 67 per cent. cheaper than it is in Bengal, under the monopoly, and at the place of first sale.

Salt is produced in Asiatic Russia, both from salt marshes, where it is obtained by the cheap process of solar evaporation, and from salt mines. From both sources it is procurable in such abundance, that the quantity may be increased indefinitely. The western provinces of the Empire, however, do not seem to be so well supplied, for England, France, Spain, and Portugal, appear to furnish them with a considerable quantity: the exports from Great Britain, for example, in 1827, amounted to 781,531 bushels, which, at 20*lbs*. a head, would have supplied a population of 2,188,286. In 1806, when the population of Russia was about 47,000,000, the consumption of salt throughout the empire was reckoned at 26,000,000 pouds, or 16,714,285 bushels, which gives to each individual no less than 19 $\frac{9}{16}$ *lbs*., or very nearly 20*lbs*. a head.

The data and explanations now given, will afford us the means of pointing out a system of management, in respect to the salt revenue of India, at once equitable and productive of revenue to the State. It is hardly necessary to add, that the example of civilized nations, more especially that of France, of the United States of America, and of the Netherlands, ought, as far as circumstances will permit, to be imitated in reforming the arrangements of the salt revenue in India. In those parts of the country that afford salt, an excise should

be levied on the commodity at the place of manufacture, as is done in France; and where there is no salt naturally produced, all foreign salt should be freely admitted, on the payment of an import duty so low as neither to restrict consumption, nor encourage smuggling. In this case, we have the examples of the Netherlands and the United States of America to guide us. From the unsuitableness of the soil and climate of Bengal for the production of salt, we have very little doubt that the inhabitants of this presidency would, for the most part, under such an arrangement as we suggest, be supplied with foreign salt. Of course, the tax here would take the shape of an import duty, whether the salt were brought by sea or imported from the western frontier. Including, with our own subjects, the inhabitants of the tributary States, who receive their supplies of salt through our dominions, the total taxable population will in this case amount to above 70,000,000. We shall attempt to estimate it as follows: 43,000,000 for Bengal, Bahar, and Orissa; 3,000,000 for Benares; 18,500,000, for the ceded and conquered provinces to the north-west; 3,000,000 for Oude; and 2,000,000 for the territories of Nepaul, making 69,500,000. The remaining fraction is more than made up by portions of the Mahratta territory, and some mountainous districts to the east, contiguous to Bengal, and necessarily receiving their supplies through it*.

The first point to be considered, is the probable amount of consumption, under a system of free trade and moderate duties. It has been argued from authority, that under no circumstances of cheapness, or convenience of supply, or

* In this estimate we have attempted no correction for under-rated population except in Bengal, Bahar, and Orissa, as already given. We leave the population of the western provinces as they have been computed for many years back, although we make no doubt that the number of inhabitants here also is greatly under-rated. A short explanation will make this appear sufficiently evident. By the old computation, both for the eastern and western provinces, the rate of population for the first amounts to 260 inhabitants to the square mile; and for the second, it is with a fraction of one-half of this. It is sufficiently known, however, that there is no such disparity in the number of the inhabitants. In 1798, Mr. Colebrook (one of the most cautious, and one of the most able writers on Indian statistics) estimated the population of the province of Benares at between 5 and 6,000,000 of inhabitants. As Benares contains 12,000 square miles, the number of inhabitants for every mile would be 458, which is probably not an over-estimate, as the province contains the largest city in Hindustan, computed at 600,000 inhabitants. Three years afterwards, in the estimates given in to the Government, the population, computed by an inferior and nameless hand, was made to amount only to 3,000,000. At these 3,000,000 it has now stood for 28 years, while we are assured that the province has been rapidly increasing in prosperity, and while, at all events, there is no doubt that its population has increased.

improved quality in that supply, would the people of Bengal consume a larger quantity of salt than they do at present. A good deal of nonsense has been talked about the "simple habits of the natives," and their being contented for evermore with what "custom and convenience" had inured them to. This is, once more, a fresh repetition of the oft-asserted, and oft-confuted principle of Hindoo immovableness and unchangeableness, and is hardly worthy of examination, after the signal refutation which it has received during the last fourteen years. The Indians of Bengal, from time immemorial, have never had any thing but dear salt, and bad salt; and to say, therefore, that they have no taste for what is good, and what is cheap, is sheer absurdity. Under the old monopoly of France, where salt was at 26*s.* a bushel, the consumption was but 9 $\frac{3}{5}$ lbs.; where it was 13*s.* 11½*d.*, the consumption rose to 12 $\frac{6}{10}$ lbs.; where it was 8*s.* 10*d.*, it rose to 15 $\frac{6}{10}$ lbs.; and where there was little or no duty at all, it rose to 19 $\frac{4}{10}$ lbs. When the *gabelle* was abolished in France, and while no duty at all was charged on salt, the production of this commodity rose to the enormous amount of 43,636,363 bushels. The imperial Government levied a heavy duty upon it, and the consumption per head was only 14 $\frac{6}{10}$ lbs. The royal Government imposed an additional tax, and the consumption per head then fell to 13 $\frac{2}{10}$ lbs. The consumption in Great Britain, estimated by the quantity paying duty, was scarcely 10½ lbs. per head. There are no exact means of ascertaining its amount at present, but it would hardly be safe to insist that it is under 25. Whenever, in short, there are low duties, and a natural supply, or any tolerably cheap means of obtaining a supply, a large consumption will be found certainly and inevitably to follow. The consumption in America, receiving the greater part of its supply from abroad, exceeds 28 lbs. per head. Even in Russia, under a lenient system of monopoly, the consumption is close upon 20 lbs. a head. In India itself, the proofs are equally strong: in the Madras provinces, where salt is cheap, the consumption is at the rate of 25 lbs. a head, or cannot at least be reckoned less than 20, excluding neighbouring states. In Bengal, where salt is extravagantly dear, it is hardly one-third of this amount, according to our estimate, and not one-half according to the estimate of the Indian Government itself. Madras itself, however, affords us very curious illustrations of the effect of high and low prices on consumption. The monopoly, as already mentioned, was first established here in the year 1805, and the price then fixed at the rate which we have

already quoted. Pleased with the results of the experiment, the local Government raised the cost 50 per cent. and immediately the consumption fell off 20 per cent. The augmentation of revenue was trifling, and smuggling became very active. After eleven years' perseverance in the high duty, it was at length abandoned, and the old price reverted to. The consumption immediately rose to the old standard; and eventually, keeping pace with the increase of population, exceeded it by 10 per cent. Even under the Bengal Presidency, there is a tolerably good example of the effect of moderate and steady duties. The consumption of salt for the western provinces, or more properly the amount paying duty, was reckoned, in 1813, at 1,500,000 bushels: it is now reckoned at 3,000,000; or in short, has been doubled in the short period of 15 years. The highest rate of duty per bushel here, however, is but 1s. 5d., and there is a free commerce in the article; whereas in the eastern provinces, the lowest tax is within a fraction of 4s. and there is a close monopoly. Near the frontier, of course, the foreign salt, with which the western provinces are for the most part supplied, is comparatively cheap; but at a distance from this, and especially where it comes into competition with the salt of the monopoly, it must necessarily be as dear, or nearly so, as the latter. Taking the consumption of each individual using this salt at the estimate of the Indian Government for the monopoly districts, or 12lbs. a head, the western salt will supply a population of 14,000,000 of inhabitants. The population, however, computed to be supplied with this salt, amounts to not less than 25,000,000, and we have no doubt, therefore, that the consumption paying duty, does not much exceed our estimate for Bengal, or about 9lbs. pounds a head. This would give a population of above 18,600,000. In the parts of the country where salt is dearest, substitutes, as we have already said, are had recourse to extensively. In the province of Patna, for example, which from its position is very unfavourably circumstanced for a supply of salt of any description, it has been computed that not less than 225,000 bushels of a sulphureted muriat of soda, or of an impure culinary salt obtained from the mother ley of salt-petre, is yearly consumed by a population estimated at 7,858,538, which gives an additional consumption to each individual, of $1\frac{60}{100}$ lb.

An argument which has been used by the public authorities, for imagining that the natives of India would, under any circumstances, consume less salt than others, is that they use no salt provisions. Even this last fact is not true,

however, of all the natives of India, for in the maritime parts of the country, at least, salted fish is extensively consumed. Were it strictly and generally true, it would tend, but in a very slender degree, to support the argument against extended consumption, for it must at once occur to any intelligent inquirer, that the more salt provisions are used by any people, the less will salt be used in any other shape; and on the other hand, that the fewer salt provisions are consumed, the greater quantity of salt must be necessarily used, as a condiment for fresh food. In curing provisions there is some waste of salt, but this is the whole amount of the difference in consumption between a people using a large quantity of salted food in their aliment, and a people who use very little.

In fact, the general insipidity of an Indian's aliment, consisting for the most part of vegetables; and the poverty which denies him, with the exception of capsicums and a few acid or aromatic vegetables, all other condiment to his food than salt, naturally renders him pre-eminently a consumer of this article, as far as mere culinary purposes are concerned. Neither is it to be imagined that the cattle of India stand less in need of salt than those of other countries. Omitting, therefore, the use of salt as a manure, and its employment in the arts, there is no ground whatever for imagining that the Indians, as ordinary consumers, differ from the rest of mankind. A sufficient allowance of it is absolutely requisite, not only for their comfort, but for the maintenance of their health and strength. The inhabitants at present subjected to the most rigorous branch of the salt monopoly, it should not be forgotten, are unquestionably the puniest race in all the east; nor should we be at all surprised to find that their physical inferiority—an inferiority, too, confined to the lower orders, is caused, in no small degree, by their immemorial privation of an adequate supply of this necessary of life.

In order to be strictly within bounds, we shall take the consumption of the whole of the Bengal provinces at 16lbs. a head, which is that of the United States, in foreign salt alone; for we proceed on the belief that a large proportion of the consumption of this part of India will, in an open trade, and a system of fair and equal duties, be furnished from abroad. At this rate, the total consumption of 70,000,000 inhabitants, will amount to 20,000,000 bushels. If upon this amount were levied the same duty per bushel, customs or excise, according to circumstances, as

is at present for the most part levied on salt at the custom-houses on the western frontier, or 1*s.* 5*d.*, the gross revenue arising to Government would be 1,416,666*l.* Allowing 5 per cent. for charges of collection, the net revenue would be 1,345,833*l.* This is probably nearly the amount of the whole revenue derived from salt under the Bengal presidency, and if it be so, our present statement shows that the same amount may be collected, by reducing the duty by 2*s.* 7*d.* per bushel, equal to a reduction of about 36 per cent. Out of the 20,000,000 bushels above mentioned, the consumption of the 43,000,000 of inhabitants, at present subject to the monopoly, will be 12,235,714 bushels. A duty of about 1*s.* 5½*d.*, or not a great deal more than one-half of what is at present levied, and allowing 5 per cent. for charges of collection, will realize an equal revenue with that which is at present received under the system of monopoly.

The plan we would propose is this:—that the duty on salt imported at the western frontier, previously charged with transit duties, and enhanced in price by a long and expensive land carriage, should continue as at present, generally at 1*s.* 5*d.* per bushel; and that the duty upon salt manufactured on the sea-coast of Bengal, as well as of salt imported sea-ways, from whatever country, should pay alike, a duty of about 2*s.* 6*d.* per bushel, which will amount to a reduction on the present rates of 37 per cent. This diminution of duty—the admission of European capitalists without restriction, to a participation in the salt trade, and the activity of private enterprise and competition which must follow, will, in all likelihood, extend the consumption of marine salt, whether imported or of domestic manufacture, as far as the navigation of the Ganges and its tributaries will convey it; and we may safely conjecture, that, notwithstanding the disparity of duty between it and the salt imported from the western frontier, its cheapness and superior quality will extend its consumption to 60, out of the 70,000,000 consumers whom we have named. The amount of consumption in salt paying a duty of 2*s.* 6*d.* per bushel, under this supposition, will be 17,142,857 bushels; the gross revenue will be 2,142,857*l.*, and the net revenue, allowing 5 per cent. for charges of collection 2,035,715*l.*, being 783,693*l.*, or full 62 per cent. beyond the revenue derived from the monopoly.

The population which we suppose will be supplied with foreign salt from the western frontier, will be 10,000,000; and as this would be for the most part contiguous to the supply, we may safely estimate their consumption also

at 16lbs. Their total consumption will be 2,157,142 bushels. At 1s. 5d. per bushel, the gross revenue here will be 202,380*l.*, and deducting 5 per cent., as before, for charges, the net amount is 192,261*l.* The total net revenue then, of the Bengal provinces, will amount to 2,227,976*l.*, which, we may safely conjecture, is equal to an augmentation upon the total present revenue of not less than 800,000*l.* sterling.

The rate of duty which we have proposed will appear moderate, and suitable to the circumstances of the country; either when compared with the existing duties in that country itself, or generally, with those imposed in foreign countries. It is 52 per cent. less than the duty in the Netherlands; 58 per cent. less than the duty was in Scotland, under our own salt tax; near 60 per cent. less than the duty is in France; and it is just one-sixth part of what it was in England. The American duty alone is smaller, but here a large quantity of domestic salt paying no duty, comes into competition with the foreign salt paying duty, and the total consumption, instead of 16lbs. a head, exceeds 28lbs. So large a consumption as that of the United States, where a great quantity of salt provisions are cured, and exported, is not to be looked for under any circumstances in Bengal. At the same time, if no higher rate of duty were imposed in that country than in America, it is certain that the consumption would rise, and probably in such a case it would exceed two-thirds of the American consumption, or equal 20lbs. a head. With such a change, even the trifling impost paid in America, of 10*d.*, would make the net revenue of Bengal, deducting 5 per cent. for charges, 1,014,323*l.*

In the event of such a system as we have now proposed, being adopted, it will become a matter of the first importance to advert to the quarter from which Bengal may be supplied with foreign salt. To make a provision, indeed, for such supply, is no part of the business of the legislator. Having set the trade free, and fixed the rate of impost, the matter of supply should be wholly left to the intelligence of private enterprise, and to the efforts of an open and unrestricted competition. The supply towards the western frontier will be furnished, as at present, from Ajmeer and Lahore. Seaways, salt might be brought from the Coromandel and Malabar coasts: rock salt might be brought from the Persian gulf, bay salt from Java or Siam, and white salt from England. In Java, there is a government monopoly, embarrassing the commerce in this article to such an extent that we

need give the supply from this quarter no further consideration. From the Persian gulf, a small quantity of rock salt will probably continue to be brought as ballast. The salt of Siam is exactly of the same quality as that of the Coromandel coast, and it is equally cheap and abundant; but from the distance of the country, and the little intercourse held with it by Europeans, no considerable supply can be looked for in this direction. The Malabar coast being more distant than the Coromandel coast, neither is this country likely to furnish much to Bengal. The Coromandel coast then, or Great Britain, or both, will, in all likelihood, furnish Bengal with its principal supply of foreign salt.

The natives of Bengal, for the most part, have a prejudice against the bay salt of Coromandel, on account, in some degree, of its want of pungency and strength; but probably still more from its want of whiteness, and from the largeness of its crystals, and consequent unfitness for immediate culinary purposes. Indeed, in this respect, the inhabitants of Bengal, as might reasonably be expected, are much like the rest of the world: the whiter and fitter salt is for culinary purposes, the chief purpose for which they require it, the more they esteem it, and the higher price they will give for it. When a bushel of Coromandel bay salt is worth at the monopoly sales 4*s.* 11*d.*, a bushel of Bengal salt is worth 5*s.* 8*d.*; of Cuttack salt, which is whiter than ordinary Bengal salt, and in a good measure also obtained by boiling, 6*s.*; and of Aracan salt, which is the whitest of all, and entirely procured by boiling, 6*s.* 1*¼d.* Coromandel bay salt, boiled and refined, is worth, in the Calcutta market, at the same time, about 7*s.* per bushel: in truth, the taste of the Indians differs in no respect from that of other people, as the following explanation will show:—When the blown salt of Cheshire is worth in the New York market, duty included, 2*s.* 7*¼d.* per bushel, Cadiz bay salt is worth but 1*s.* 11*d.*, and the best St. Ubes, but 2*s.* 1*d.*; so that here is a more striking difference between bay and boiled salt than in Bengal, and chiefly, no doubt, to be accounted for from the intrinsic superiority of English over any other description of foreign salt used in America.

The consumption of Coromandel salt in Bengal then is limited, and in its present form could not supply the whole population, even in a commerce perfectly unshackled. Although, however, it will not supply the whole consumption, we have no doubt that it will contribute materially. The acknowledged high price and scarcity of boiled salt in Bengal, has suggested the project of boiling

and refining Coromandel salt for the use of the Bengal consumer. All attempts of this kind, however, have failed, not in producing good salt, but in producing it at a price adequately cheap, to enable the consumer to buy. This failure has arisen from the total exclusion of European skill and enterprise from the salt trade—from the want of machinery, and the want of skill to use it if it existed; but, above all, from an objection which appears insuperable, the total want of coals, and the great scarcity and dearness of wood on the Coromandel coast, where alone the process of boiling and refining could be conducted with sufficient economy. Even in Bengal, from the comparative high price of fuel, and the want of skill and proper machinery, the process of boiling and refining is costly. About 7500 bushels are yearly refined for the use of Europeans, and the higher classes of natives, but at a cost equal to 8*l.* per bushel, exclusive of the prime cost of the commodity. The mere refining then is little short of double the price of salt of the same quality at Liverpool.

In the event of foreign boiled salt not being imported into Bengal, the higher value of their own salt, and especially of the salt of Cuttack and Aracan, might probably direct a good deal of capital towards improving the manufactory of these; but under any circumstances, such is generally the unfavourable nature of the soil and climate, especially of Bengal and Aracan, that the manufacture would have to struggle against considerable difficulties.

Under all these circumstances, we are disposed to believe, that British salt may find a considerable market in Bengal; and our reasons for this opinion we now proceed to offer:—Great Britain exported salt in 1827, to the extent of 7,475,025 bushels, of which the declared value was 123,612*l.*, and this too, although the supply usually furnished to one of her principal customers, the Netherlands, was wholly interrupted. Now, if we look to the distant countries which she furnished with this supply, we shall have some means of judging of her capacity to furnish Bengal. Of European countries, from their comparative vicinity, it is not necessary to speak. The quantity of salt sent to the Barbary states was 151,418 bushels; to the British North American colonies there were sent 1,121,305 bushels; to the British West Indies, which have a supply of Bay salt of their own, 64,368 bushels; to the Foreign West Indies, 6200 bushels; to the United States of America, 3,027,838 bushels; to Brazil, which has a supply of its own, 101,870 bushels; to the States of Rio Plata, 11,080 bushels; and even to New South Wales, far more distant than India,

44,894 bushels, making the total quantity sent to these distant countries, 4,528,973 bushels, and the declared value, 77,486*l*. The American accounts are more satisfactory. In 1824, the United States imported from Great Britain, or her colonies, 4,206,187 bushels; in 1827, she imported 2,952,908. In 1825, the United States imported no less than 1,240,261 bushels of salt from the West India Islands; and a similar import would probably have taken place from the same quarter in subsequent years, but for the restrictions imposed on the intercourse between America and the British colonies in that quarter. This is not all, America exported foreign salt, or, what is the same thing, domestic salt of equal value, to the extent of 70,584 bushels in 1825. Of this quantity we find that 24,590 were exported to Brazil, and 23,035 bushels to the Asiatic Islands, which are the countries chiefly comprehended in the American accounts, under the name of "Asia generally." In 1827, the salt exported from the United States amounted to 65,335 bushels, of which 3836 bushels were foreign salt, and which, not being entitled to a draw-back, of course paid a duty of 10½*d*. per bushel. The principal exports in this case, were to Cuba, the Brazils, and Chili, while we find 4000 bushels exported to Asia again, and 3949 bushels to Africa. We are entitled to argue, from these facts, that if the merchant can afford to export salt from England, or from the West Indies, to the United States—afford to re-ship it from thence, and send it to such distant countries as South America, Africa, and even the East Indies—he may afford also to send it by a direct voyage from England to Bengal. It may be alleged, that the salt thus exported by the Americans is domestic, and not foreign salt, and that the export is encouraged by a bounty equivalent to the duty. This, although generally true, is not, as we have just shown, invariably so; and it is obvious, at all events, that as English salt is cheaper than American by the whole amount of the duty, the case is not altered. Were the duty withdrawn on English salt, the whole amount exported would certainly be British and not American salt, and, without doubt, the quantity would be a great deal larger.

The American accounts are drawn up in such a form as to exhibit to us the prime cost of the salt in the countries from which it is imported, as well as its export value in America. The total quantity of salt imported into the United States in the year 1825 was 4,574,202 bushels, and its prime cost, which includes all shipping charges, 6½*d*. per bushel. In 1827, the quantity imported was 4,320,489 bushels, and its prime cost 6¼*d*. The prime cost of the salt in America, as exported

from thence in 1825, was 1*s.* 2¼*d.*, and in 1827, 1*s.* 0½*d.* These statements, from the public accounts, agree perfectly with Liverpool and New York price-currents of the corresponding years, which we have duly consulted. In 1825, the freight, insurance, charges of merchandise, and profits on all salt imported into the United States amounted only to 7¾*d.*, or 119 per cent. ; and in 1827, to no more than 6½*d.*, or 100 per cent. In 1824, the prime costs of various descriptions of bay salt imported into the United States were as follows: Cape de Verde, 4*d.* ; Spanish, 4¼*d.* ; Portuguese, 4½*d.* ; French West India, 4¾*d.* ; British West India, 5*d.* ; and French bay salt, also 5*d.* ; giving an average for the whole of about 4½*d.* : the prime cost of English blown salt at the same time was 8¾*d.*, which of course includes every charge incurred in Great Britain. In 1827, the prime cost of Spanish bay salt imported into America, as exhibited by the public accounts of that year, was 4½*d.* per bushel ; of Portuguese, 5*d.* ; of French, 5*d.* ; and of British West India bay salt, also 5*d.* ; which gives an average for all bay salt of 4¾*d.* The prime cost of English salt at the same time was 7¼*d.* Of these different descriptions of salt, the selling price in America in the same year, duty excluded, was as follows: Spanish, 1*s.* 0¼*d.* per bushel ; Portuguese, 1*s.* 2*d.* ; French, 1*s.* 3½*d.* ; British West India, 1*s.* 4*d.* : the average of all bay salt, therefore, was 1*s.* 2¼*d.* ; the American price of British blown salt at the same time was 1*s.* 9¼*d.* The advance on bay salt over the prime cost, therefore, was 9¼*d.* per bushel, or 205 per cent. ; on English salt the advance was 1*s.* 2*d.*, or 193 per cent. The prime cost of ordinary boiled salt at Liverpool, on board of ship, all charges whatsoever paid, is, while we write, 15*s.* 3*d.* per ton, equal to 4½*d.* per bushel. The cost of stove or fine salt, under the same circumstances, is 26*s.* per ton, equal to 7¾*d.* per bushel. If English blown salt should bear in the market of Calcutta the same relative value to the bay salt of Coromandel which it does in America to the bay salt commonly imported into that country, and which we take to be, as nearly as possible, of the same quality with the Coromandel salt, then English salt ought to be worth, in reference to the present monopoly price, 7*s.* 2⁴/₁₆*d.* per bushel, when the Coromandel salt is worth only 4*s.* 11*d.* Such a difference, however, will not probably exist in the early period of the trade ; but we have no doubt that, in a free commerce, the intrinsic value of the two articles will find their proper level ; and, in short, that the British salt will in time, and as the consumer acquires a knowledge of its intrinsic value, become an object of extensive consumption in India. If English salt

can be now sent by a six weeks' or a two months' voyage to America, or if American salt can be sent to Africa, to India, and to South America, by voyages of two months' or four months' length, there can be no reasonable ground for imagining that English salt may not be sent to Bengal, a four months' voyage, especially when British ships proceed thither, at present, half loaded, and always requiring dead weight, or ballast, to render them navigable*.

The number of consumers which we have supposed to participate in the consumption of foreign salt, amounts to 60,000,000 of persons. What proportion, it may be asked, of salt manufactured in the country—of bay salt imported from the Coromandel coast, or other parts of India, and of English boiled salt, is likely to be consumed by this population. The American accounts throw some light upon the question. The total consumption of the United States, in salt of all descriptions, is, as we have already said, 6,076,163 bushels, of which 2,645,000 bushels are of domestic manufacture. Bengal is by no means so favourably circumstanced for the manufacture of salt as America, the latter having not only a far more extensive sea coast than the former, but brine springs and salt mines, of which the other is nearly destitute. In America, too, the manufacture of domestic salt is encouraged by imposing a protecting duty on the imported article, a case too absurd to be supposed in legislating for Bengal. We shall suppose, however, that the proportional consumption of domestic salt will be the same in both countries. This, on 17,142,857 bushels, will make the domestic manufacture of Bengal amount to 7,462,415 bushels. There will remain to be supplied from abroad 9,680,000 bushels. Bengal is not likely to consume so large a proportion of bay salt as America, because she does not, like America, require a large supply for the curing of provisions. We shall, notwithstanding, allow the same proportion. The total quantity of foreign salt imported into America in 1827, was 4,320,489 bushels; of this, the quantity of bay salt amounted to 1,877,096 bushels. In the same proportion, the Coromandel coast, and other countries, would supply Bengal with 4,205,609 bushels.

* Salt worth at Liverpool 15s. 3d. per ton on board of ship, and paying a freight of 40s., with an allowance of 10 per cent. for wastage, and charges of merchandise in India, will be landed at Calcutta at 1s. 6½d. per bushel, which is within a fraction of the price (1s. 5½d.) paid by the Government at present for the boiled salt of Bengal, while it is intrinsically more valuable, according to our estimate, by at least 23 per cent. With a duty of 2s. 6d. per bushel, it will be sold to the consumer at little more than 4s.; which, making the necessary allowance for difference of quality, will be 3s. cheaper than the present average price paid by the natives of Bengal.

The quantity of boiled salt remaining to be furnished, and which we suppose will be chiefly supplied by Great Britain, will amount to 5,474,391 bushels, equal to 136,859 tons. Should such an export take place, it will create a demand for British salt, to within 26 per cent. of the present exports of Great Britain to all parts of the world, reckoning these at their amount in the year 1827, and to the value, reckoning at the average between 15s. 3d. and 26s. per ton, of 141,156*l.*, which will exceed the whole of our present exportation. Estimating freights at 40s. per ton only, the annual freight on this quantity will be 273,718*l.* British shipping, however, will derive further advantages from this arrangement. They will participate with the country shipping of India in the transport of bay salt from Madras and other places to Bengal. About 10,000 tons of freight are already engaged in this branch of trade. Deducting this from the amount which must be employed, according to our scheme, or 105,140 tons, there will be new employment for 95,140 tons, which, at 20s. per ton, will be 95,140*l.* This sum, added to the last, will make the value of the total freights 368,858*l.*

A few frivolous objections may possibly be urged against this scheme. For example, it may be said that the Hindoos will not partake of so barbarous a condiment as British salt—for fear of contamination. These same Hindoos, however, consume already, salt mined and transported by the Mahomedans of Lahore and of Candahar; they consume the salt of the Coromandel coast, without having any very exalted idea of the purity of the manufacturers and dealers; they consume salt imported from the same place in European shipping, handled, and trampled upon, by Europeans; they give at least 8 per cent. more for salt manufactured by the Mugs of Aracan than they do for what is manufactured by their own pure hands—all the while viewing the persons with the ugly name in question as little better than incarnate demons. What is still more to the purpose, however, they have repeatedly, and without making the least objection to it, consumed British salt imported from Liverpool. So much for the culinary prejudices of the Hindoos when subjected to the test of actual experience. It is a pity for the monopoly that these prejudices were not more inveterate, for then that monopoly might have lasted for ever; and, under pretext of respecting the religious usages of the Hindoos, these Hindoos might have enjoyed the benefit of bad salt, and dear salt, to the latest posterity.

The East India Company, the patrons of the Hindoos, as they call themselves, will, perhaps, insist that, if European

shipping be employed in the transport of Indian bay salt, the native shipping already employed in this traffic must be thrown out of employment. The reply to this objection need not be long; European shipping, to a small extent, is so employed already, and the sooner native craft cease to be so employed, when substituted by a better class of shipping, the better for the proprietor of salt—the better for the manufacturer—the better for the consumer—and, without doubt, the better for the public revenue. Owing to timidity and to ignorance, the native craft of the Coromandel coast can at present effect only one voyage a year to Bengal, distant but ten degrees of longitude and seven of latitude. They must go with one monsoon and they must return with another, or they can neither go or return at all: the lowest freights which have ever been given to this description of vessels for a cargo of salt, have been four and twenty shillings per ton, for a voyage which, in the proper season, may be performed in from five to eight days. This alone, exclusive of shipping charges, charges of merchandize and insurance, much exceeds the average cost of English salt, intrinsically superior in quality to that which is burthened with it, by 117 per cent. The notion of protecting Indian shipping, indeed, against the competition of European, hardly deserves notice. Such a protection, in a word, amounts to a premium upon awkwardness and ignorance, and to a tax upon enterprise and intelligence: it is patronising a small class, and discouraging a large one, of the subjects of the same country, while the whole is a pecuniary infliction upon the community at large, of the most impolitic and absurd description.

Even, however, were the argument of patronage well founded, it would come with but a very ill grace from the Indian Government, as the following short explanation will satisfactorily show. Commercially speaking, the Bengal and Madras provinces stand mutually in need of each other's support, and this in as great a degree as the different provinces of the same empire can possibly be supposed to stand. The comparatively sterile provinces of Madras want corn, but have abundance of salt; the fertile provinces of Bengal have plenty of corn to furnish their neighbours, but an incompetent supply of salt for their own use. The Government here steps in, and, by its fiscal arrangements, interrupts the natural connection of reciprocal supply and demand. The Government of Madras will not allow the people of Bengal to have the salt of the provinces under their rule without a tax of 2*d.* per bushel. The Government of Bengal, for the protection of its own little interests, then limits the quantity

of Madras salt which it will take ; and the pittance it does take, it sells to the consumer at an advance upon the whole costs, charges, profits, and Madras tax, which will not be over-rated at 140 per cent. The consumers of one portion of the country then are, by this means, precluded from a cheap supply of salt, and those of the other from a similar supply of corn. In these two commodities the first necessities of life, the commercial intercourse between the provinces of the same empire, are placed under restrictions more rigid than is usual between rival nations.

The inhabitants of the Madras provinces, in consequence of the state of things now described, have been driven to the cultivation of bad lands to raise the domestic supply of corn which they used to obtain more cheaply and profitably from their neighbours, and this new mode of taxation, their rulers denominate being "independent of Bengal." On the average of the years 1806-7 and 1807-8, the quantity of corn exported from Calcutta for the consumption of the Madras provinces, amounted to 86,164 tons. The Government of Bengal having at this time limited the importation of salt, the export of grain of course fell off: the native shipping engaged in the trade were thrown out of employ, and on the average of the next eight years the importation fell off to 20,686 tons, and on the average of the succeeding eight to 10,657 tons. Even on the average of 1824-5 and 1825-6, which were years of scarcity, indeed almost of famine in the Madras provinces, the average exports did not exceed 30,254 tons, being above 64 per cent. less than they were twenty years before. To the inhabitants of Bengal the consequences have been not less prejudicial. They have lost the sale of their corn, and the exclusion of the salt of Madras has been followed by enhancement of price in this commodity, which may be moderately estimated at 20 per cent. This is a fair sample of the protection against the interference of the British free trader, which the East India Company vouchsafes to bestow upon its Indian subjects, upon their shipping, and their commerce. (1)

We now proceed to the suggestion of a scheme for arranging the salt revenue of the southern part of India, embracing the whole presidencies of Madras and Bombay, with the independent or tributary states, which receive their supply through them. The number of inhabitants here, omitting the principality of Travencore, of the population of which we possess no estimate, have been computed as follows: viz., Madras, 13,508,535; Bombay, 10,500,000; territories of the Nizam, 10,000,000; of Nagpoore, 3,000,000; of

Mysore, 3,000,000; of the Guicowar, 2,000,000; and of the Satarah Rajah, 1,500,000; making a total of 43,508,535 inhabitants. Here there are neither salt mines nor salt springs, the whole supply being derived from the sea coast, or from salt marshes connected with it. By far the greater part is bay salt, to which the natives have been long accustomed, and to which they are partial; probably from knowing no other. No importation of foreign salt, therefore, is to be looked for; on the contrary, there will be a large export of domestic produce. The tax here will naturally take the shape of an excise duty, levied at the place of manufacture, the whole amount being withdrawn on exportation. As a security against smuggling, and in order to keep the expense of establishments within due bounds, the manufacture must be restricted to places where it can be conducted upon a respectable scale of extent, as is, in fact, already practised under the existing system. A lower rate of duty must, from necessity, be assumed for the southern part of India than for Bengal; because, from the natural cheapness of the commodity, any considerable impost must prove a higher bonus to smuggling than a much larger one, where the commodity is naturally dearer; and because, also, to the distant consumer, through difficulties of carriage, or transit duties, the cost is much more enhanced than in Bengal, where these obstacles do not exist to a similar extent.

The present profit, or duty, on Madras salt is about $8\frac{1}{4}d.$ per bushel. When the activity of a free commerce has reduced the prime cost, by improving the manufacture—when the manufacturer himself is better remunerated by the advantages of a large export trade—and when the intelligence and economy of individual enterprise are freely exerted in the distribution of the commodity in the interior, we may safely assume that a duty of $1s.$ per bushel will not be more felt by the consumer, than $8\frac{1}{4}d.$ under the system of monopoly and restriction. We shall assume this accordingly as the rate of duty. We take the consumption of each individual at the moderate amount of 18lbs. The whole population which we have described, multiplied by this amount, will give a total consumption of 13,984,886 bushels. This, at $1s.$ per bushel, will afford a gross revenue of 699,244*l.*, and, allowing the large sum of $7\frac{1}{2}$ per cent. for the charges of collection, the net revenue will be 646,794*l.*

The total salt revenue of India, under the scheme of administration which we have now suggested, will be 2,874,870*l.*; and when it is considered that a population of 32,000,000 in France, under a similar system, affords within

328,723*l.* of the same sum, which it is here proposed to raise from 113,000,000, the amount will hardly be considered as conveying an exaggerated expectation.

Some objections may be urged against the scheme now explained, which it will be proper to anticipate. The revenue, it may be said, will be troublesome, and expensive in the collection: this is, at least, contrary to the experience of all other nations. We have allowed 5 per cent. for the collection of the revenue in Bengal, although the tax here, for the most part, will consist of an import duty, and the necessary custom-houses and establishments are already in fact in existence. In England, where a variety of duties far more complex than under the system which we have suggested, were in operation—where duties were levied upon exports and upon imports, as well as upon the internal manufacture—and where a separate and distinct establishment was maintained for the salt revenue alone, the charges of collection amounted to no more than about $4\frac{1}{4}$ per cent. We have allowed $7\frac{1}{2}$ per cent. for Madras, under the supposition, although we believe not a well-founded one, that an excise duty would be more expensive in the collection than a custom-house duty. This is close upon the same amount with the charges in France, where the temptation to defraud the revenue, from high duties, and the necessity of maintaining expensive establishments to protect it, are in proportion to Madras, under the system we recommend, as six to one. As to the trouble of collection, we can see nothing reasonable in this objection; and, at all events, it would surely come with an ill grace from the local authorities of that particular portion of India, where it is the favourite system, with respect to the land revenue, to measure every year, every acre, and every fraction of an acre of the soil—to count stukes of corn—to value these stukes—to take from 50 to 55 per cent. of the whole gross produce as tax, and to exhibit the treasury, keeping a yearly account current with every peasant, out of a population of above 13,500,000. What can be the hardship or difficulty of levying a shilling a bushel upon salt, at a few spots here and there on the sea-coast, in comparison with the enormous complexity and multitude of such details?

With respect to the Bengal provinces, any objection against the levying of fixed custom-house duties would be wholly unreasonable, because such duties are here levied already, and this too along an immense internal frontier. The advocates of the existing system may probably argue that an open trade and fixed duties will encourage smuggling, and that the best security against it will be the monopoly. The

exorbitant amount of smuggling in France, under the system of the *gabelle*, and the acknowledged extent to which it is carried in Bengal itself under the present system, are, on this point, sufficient condemnations of monopoly. The absence of smuggling in America, and the comparatively little extent to which it is carried in the Netherlands, or even in France under the present system, notwithstanding high duties in both, strongly testify in favour of free trade and fixed duties. If the case of the Netherlands and that of Bengal be compared, the advantages on the side of the latter, for preventing smuggling and for the cheap and convenient realization of revenue, will appear immense: we suppose both to manufacture little or no salt of their own. The kingdom of the Netherlands has an immense extent of sea-coast, and innumerable ports, creeks, and harbours to encourage the introduction of contraband salt. It has two countries in its immediate neighbourhood teeming with salt, France and England—countries, of which the inhabitants, not to mention its own, have all the boldness, enterprise, and hardihood necessary for the trade of the smuggler. Bengal, on the contrary, has but a trifling extent of sea-coast, and, at the utmost, but two ports, properly indeed but one, accessible to such a cargo as salt. It has no country in its immediate neighbourhood teeming with salt, ready to be thrown in by the smuggler, for even Madras is comparatively distant. But if it had, the timid inhabitants of the east are utterly unfit, by character, for engaging in the bold and hazardous pursuit of smuggling; and the temptation to it, from duties, is just about one-half what it is in the country with which we are comparing it.

With respect to the arrangement which we propose for the southern part of India, it is obvious, that the smuggling of foreign salt is here wholly out of the question, while the excise duty, which we have suggested, is so moderate in amount as to hold out little temptation to a contraband trade in the interior. Let this portion of India be compared even with France, and its advantages for a cheap and easy collection of the salt revenue will appear great. In France, from the existence of brine-springs, salt-mines, and manufactories for boiling and refining salt, a variety of public establishments must be maintained, as well in the interior of the country as on the coast. In southern India, the whole salt is manufactured on the coast alone; it is all, or nearly all, of one description; there are no salt refineries, and consequently, one set of establishments only becomes necessary for the collection of the revenue, thus leaving the internal trade in the commodity free and unshackled.

We shall conclude by enumerating a few of the obvious advantages which must result from the system of freedom which we have now recommended. The inhabitants of Bengal, some 43,000,000 of people, will, for the first time for half a century—perhaps for the first time in their history—be supplied with cheap and good salt. The benefits which will follow in the personal comfort of the peasant, and the improvement of his stock, need not be insisted upon. The whole internal commerce of the country will derive activity and extension from the freedom conferred upon the salt trade. In Bengal, the vessels which navigate the Ganges, bringing from the western provinces bulky cargoes of grain, sugar, saltpetre, and cotton, chiefly for a foreign market, return at present for the most part half empty. In an open trade in salt, on the contrary, they will profitably convey that article to the remotest points to which the navigation of the river, and its tributaries, reach. Of the extension of foreign commerce we have already spoken. Of the extent to which improvement will take place in the revenue, we have no accurate means of judging, because there exist no accounts showing the amount at present levied in the form of custom-house duties, while even the Bombay statements of the monopoly itself are imperfect. The whole net revenue, however, raised by salt monopolies throughout India, appears to be 1,583,559*l.*, which is exceeded, under our proposed scheme, by 1,291,311*l.* Allowing that a sum of 291,311*l.* is actually raised by duties, there will still remain a net increase of revenue, in round numbers, to the amount of 1,000,000 sterling per annum. One of the most valuable results of a free trade in salt will be, the emancipation of the salt manufacturers of Bengal from their present state of bondage and wretchedness. They will at least cease to be food for tigers and crocodiles; and if they place themselves in a poisonous atmosphere, it will be their own voluntary act, and not the work of their government. In this case, the services of a population, of probably not less than half a million of people, may be applied towards clearing and improving the fertile wastes which lie close to the very scene of their present unproductive labours. The suppression, or at least the abatement, of smuggling, is another happy result which cannot fail to follow a reduction of duties, a reduction which, under our scheme, amounts to between 30 and 40 per cent. The last advantage to which we shall refer, and it is no inconsiderable one, will consist in the restoration, to the rightful owners, of their property in the salt lands. In such an event, the manufacture, withdrawn from the weak and improvident hands of the Government, and

consigned to the activity and energy of private enterprise, cannot fail to be extended and improved, wherever this branch of industry, if at all practicable, can be rendered a profitable employment of capital*.

The next object of monopoly which we shall describe is opium. There are, as far as we know, but two countries which produce this drug for commercial purposes, viz. the Turkish empire and the British dominions in India. The whole world is supplied by these. In India, the growth of the opium poppy is confined to the two neighbouring provinces of Bahar and Benares, belonging to Bengal, and to the Province of Malwa, in the central part of India. Under the Native Governments of India, the exclusive privilege of growing and vending opium used to be disposed of by the state to individuals, not an unfrequent practice with Asiatic governments. As early as 1773, the Indian Government assumed the monopoly of opium, previously constituting the perquisite of certain officers of the Government, as a branch of the public revenue. In 1797 the East India Company commenced the present practice of growing the poppy, and preparing the opium, through the agency of its own servants, when the culture was confined to the two provinces already named, although heretofore extensively grown also in several districts of the lower part of Bengal. This was but three years after the perpetual settlement, when the lands were given up in absolute property to a Native aristocracy; and the enactment was, of course, a distinct violation of the right pretended to be so conferred. The price now paid for opium, in the Bengal provinces is, for the inferior produce of Benares, about 3s. per lb.: and for the superior produce of Bahar, about 3s. 4d.†: the one, therefore, being exceeded by the price of

* The following short extract, from an unquestionable authority on such a point, will show the feelings entertained respecting the operation of the salt monopoly in one part of India:—"The salt of Malabar is not made from sea-water on the beach, but is manufactured on salt marshy lands, unfit for cultivation, or on lands which, though formerly cultivated, have been found more productive by being converted into salt-pans. These lands are scattered in small portions over the country near the sea, and belong to a great number of different individuals, who have always complained of the measurement, but have of late complained more loudly of their having been prohibited from manufacturing salt, by which means their lands are rendered useless, as they will yield no other produce."—SIR THOMAS MUNRO'S *Report of Malabar—Revenue Selections*. Vol. I. p. 855.

† The price paid by the Company to the cultivator for these descriptions of opium, a few years back, was 36 per cent. less than what is stated in the text.

Turkey opium in the London market by 466 per cent., and the other by 410 per cent. This opium, formed into large balls covered by the poppy leaf, is packed in chests containing about 148lbs., and sent to Calcutta, where it is disposed of by public auction, at periodical sales, for the benefit of the Government. In the early period of the Company's monopoly, the price obtained at these sales did not exceed 5s. 7d. per lb. At this time, the number of private merchants residing in India was small, and the intercourse with foreign Asiatic countries very trifling. The adventurers, however, increased, and the trade along with them, and among other productions of India, of which they extended the consumption in the neighbouring countries, was opium, which, however, for at least two centuries before, and probably a much longer time, had been an article of traffic from Hindostan, and even Turkey to China, the Malay, and other eastern countries. The taste for the drug having increased in the countries in question, owing to the cheapness and certainty with which it was now supplied, through the enterprise and competition of the private European trader, while the quantity produced under the monopoly being still restricted, the price rose gradually in the Calcutta market to 10s. per lb., to 20s., to 25s., and eight years ago to the enormous height of 60s. The quantity of Bengal opium, sold in Calcutta yearly, averages 666,000lbs. On the average of fourteen years, ending 1821-22, the gross receipts of the Bengal opium sales amounted to 938,236*l.*, and the costs and charges to 99,073*l.* The average price paid to the cultivator for the drug at this time was 2s. per lb., so that the prime cost amounted only to 66,600*l.*, while agency, costs of transport, and charges of sale, must have amounted to 32,473*l.* Of this sum, the reward of the chief agents at 2½ per cent., the usual commission on the gross sales, would amount to 21,110*l.* shared, as we believe, between two individuals, which leaves of course, 11,363*l.* for cost of transport and sale. The net revenue was 839,163*l.*

In this course matters had proceeded, very smoothly, for a long period of years, and the arrangement was considered as affording, at least, one unquestionable example of a just and rational monopoly. Soon, however, some unforeseen and untoward events took place, which greatly disturbed the schemes of our Indian financiers. The first of these was the introduction of Turkey opium into the Indian market by the Americans, which took place, for the first time, about fifteen years ago. The quantity yearly introduced, chiefly by these adventurous traders, and this wholly owing to the monopoly

of the East India Company (for the commodity is neither so suitable to the taste of the consumers, or so cheaply produced in its original country as the Indian opium) amounts, in round numbers, to 266,000lbs., which, at a very moderate estimate, is worth full 279,000*l*.

The East India Company took alarm, lest any British subject should benefit by this branch of trade, and, in due form of law, they imposed a prohibitory duty on all foreign opium, of 24*s*. per lb., if imported in British bottoms, and of 48*s*., if imported in foreign ones. For fear of injuring the monopoly, such opium cannot be warehoused for re-exportation at any of the Company's settlements,—even at those the most conveniently situated for the market. The effect of this policy has, of course, been, to throw into the hands of the Americans and Dutch as complete a monopoly of this branch of trade as rival nations could well desire.

The next untoward event which deranged the schemes of the Bengal opium monopolists, was the discovery, that opium, as an article of free culture, was produced in the province of Malwa, one of those ceded to us after our last contest with the Mahrattas. Nothing could exceed the consternation produced by the unhappy discovery, that the new country was of such peculiar fertility—for none but the most fertile will produce this drug. The opium poppy was produced in Malwa by free culture, and it was found that the free trader was in the habit of giving above 8*s*. per lb. instead of 3*s*. and 3*s*. 4*d*. given to the cultivator by the East India Company. The Company, hoping for similar profits as in Bengal, resolved upon securing the monopoly, and the consequences are sufficiently instructive. The cultivators and proprietors of Malwa were not so docile a race as those of Bengal. They had swords in their hands, and would not be satisfied to receive 3*s*. or 3*s*. 4*d*. for what was, in reality, worth 8*s*. The Company was, therefore, under the necessity of commencing a competition with the private merchant, giving still larger prices than ever, and in the hopeful project of driving all competitors out of the market, they expended in the year 1822–23 between six and seven hundred thousand pounds sterling. With the same laudable object they forced treaties upon the neighbouring petty princes, for the discouragement of growing the poppy, of the same character as those imposed by the Dutch East India Company on the petty chiefs of the Moluccas, in the notorious spice trade. Before this scheme, the whole produce of Malwa did not exceed 148,000lbs. a year. Competition multiplied it seven-fold in five years, an extraordinary

contrast with what had been experienced in Bengal, where, notwithstanding an augmented price given to the cultivator, it had been found very difficult to keep the Company's investment up to the amount which it had reached thirty years before. This, however, was not all; for competition had not only produced an augmented quantity, but an improved quality. Previous to the competition to which we have now alluded, the opium of Malwa was scarcely of half the value of that of Bengal. In the beginning of 1826 it was only 30 per cent. less in value, and in 1827 but 6 per cent. less. Since then, it appears to have acquired a decided superiority, at least in the principal market, that of China, for we find by Canton price-currents, dated in 1829, that Malwa opium exceeded in value the finest Bengal opium by about 4½ per cent., and ordinary opium of the same country by 12 per cent. What is, however, more remarkable, and it is quite conclusive of the inutility of the Company's superintendence in preparing the drug, is, that the Malwa opium exported from the Portuguese settlements bore, according to these documents, exactly the same price as the East India Company's*. In one season, indeed, owing to the slovenliness with which the opium of the old monopoly was prepared, the Malwa exceeded in value that description of it which was usually the finest by full 14 per cent†.

The Indian Government, from its old opium monopoly in Bengal, had realized, as we have already stated, a yearly reve-

	<i>Sp. dollars.</i>
Opium, Patna	per chest 900
Benares	840
Company's Malwa	940
Damann (Portuguese, &c.)	940
Turkey	650

Canton Price-Current, 17th Jan. 1829,

† Mr. Tucker, of the East India Direction, makes the following eulogy upon the monopoly system: "The confidence of the exporting merchant and foreign consumer was gradually secured, and, in the course of a few years, a chest of opium, bearing the Company's marks, passed among the Malays and Chinese like a bank note, unexamined and unquestioned." This unqualified approbation of the system may be compared with the statements in the text, and with the following passages from the commercial articles of an Indian newspaper: "The new Patna (best Bengal) opium was in very bad repute, being nearly unsaleable, even at the prevailing low rates." "The acknowledged inferiority of the opium from the third and fourth Calcutta sales has alarmed the dealers, and has rendered them timid in touching Patna opium at all, not even that to the quality of which there can be no objection." These quotations refer to the Bengal opium prepared in a slovenly manner, as mentioned in the text. The purchasers at the public sales, of course, applied to the Local Government for compensation for their losses; and the Government, to avoid a prosecution in the King's Court, granted it, at the rate of from 40% to 50% per chest.

nue of 839,163*l.*, being a profit or tax upon the prime costs and charges of 847 per cent. The assumption of the monopoly in Malwa exhibits very different results. Under the new arrangement, a portion of the Malwa opium was sent to Bengal and a portion to Bombay, which lies more contiguous to the place of growth. The opium of the public sales of Bombay is, of course, entirely Malwa, while the public sales of Bengal consist of this, and of the drug of the old monopoly. The public accounts for the three years, ending with 1825-6, laid before Parliament, exhibit to us the financial results. In the year 1823-4 the total value of the sales of opium at Bombay was 471,174*l.* and the costs and charges 220,978*l.*, so that the net revenue amounted only to 250,196*l.*, being a profit upon the prime costs and charges of about 113 per cent., instead of 850 as under the old monopoly of Bengal. The Bengal accounts for the years 1824-5 and 1825-6 exhibit the total amount of sales, costs, and charges, for the whole monopoly opium of all India. In the first of these years the sales amounted to 1,516,820*l.* and the costs and charges to 781,513*l.*, leaving the net revenue 735,307*l.*, which is equal to a profit or duty of 94 per cent only. In the second year the gross sales amounted to 939,891*l.* and the costs and charges to 560,672*l.*, leaving a net revenue of 379,219*l.*, a profit or duty only of 67 per cent. Even by the estimate of the local government for the year 1826-7, contained in the same public documents, the gross sales are estimated only at 1,614,720*l.*, while the costs and charges are given at 566,080*l.* This would give a net revenue of 1,048,640*l.*, equal to a profit or duty of 185 per cent., instead of 850, as in the case of the old monopoly opium alone. Taking the average of the three years now quoted, and, under the supposition that the amount calculated upon in the estimate will be realized, it will appear that the average yearly revenue is no more than 721,055*l.*, which shows that the new scheme, exclusive of additional vexation to the cultivator, is attended, instead of profit, by a financial loss of 125,108*l.* If we exclude the year of which we have an estimate only, and this is, of course, the fair mode of considering the question, the defalcation exhibited by the two years, 1824-5 and 1825-6, compared with the fourteen years ending with 1821-2, will amount to the enormous sum of 288,900*l.* The financial blunder, however, has not been without its advantages to the public. The extraordinary quantity of opium produced has been followed by a corresponding reduction of price, which, on a comparison of the year 1821-2 with 1827-8, may be moderately

estimated at 40 per cent.; and this reduction, again, has necessarily produced an extraordinary enhancement of consumption, and, consequently, of trade.

The quantity of opium consumed by the natives of India itself is but moderate, and from this, which must be smuggled, the Government derives no revenue; for it is imperative upon the purchaser at the public sales to export the drug. The principal markets for opium are China, the adjacent countries of Tonquin, Cochin China, and Siam, with the Malay Islands throughout, and, to a smaller extent, the Burman Empire. Of the consumption of China, or, at least, of the yearly sales at Canton, we possess detailed accounts, which are exceedingly interesting. Seventy years ago the Chinese had very little taste for this drug. At this time they seem to have been almost exclusively supplied from Bengal. The low price of the commodity, in the earlier period of the trade, increased the consumption, but the quantity produced being limited, and the price having soon become excessive, the whole consumption of the Chinese Empire for many years did not exceed 2500 chests, or 370,000lbs.—worth, probably, about 646,875*l.*; and here, as the authors of the monopoly thought the Chinese unlike all the rest of mankind, they brought themselves to believe that it would for ever stand. In the year 1821–2, Malwa opium having been previously introduced, the total quantity of Indian opium consumed in China rose to 4628 chests, or 684,944lbs. Two years afterwards it rose to 7082 chests, or 1,048,136lbs., and in 1826–7 it amounted to 9969 chests, or 1,475,412lbs. In the following year the supply was smaller by 494 chests, and the price rose very considerably. The total value of the Indian opium imported this year, or 1827–8, was 10,382,141 Spanish dollars, or 2,238,649*l.* This single branch of the private trade of the free merchant is about equal in value to the total export trade of the East India Company from the whole Chinese empire. In 1828–9 the total consumption of China in opium, including Turkish, was estimated at 14000 chests, or 2,072,000lbs. This, at the low valuation of 905 dollars per chest for the Indian opium, and 650 for that of Turkey, as extracted from the Canton price-currents, would make the total value 12,287,500 Spanish dollars, or 2,649,492*l.*, which exceeds the value of the East India Company's trade in their grand staple of tea by, at least, half a million sterling.

A few other facts may be mentioned in illustration of this branch of trade. In 1821–2 the quantity of Bengal opium,* or of the opium of the old monopoly, imported into China, was

but 2910 chests, or 430,680lbs., but the value was enormous, 1,391,997*l.* In 1826-7 the quantity rose to 3661 chests, or 541,828lbs., but the value was only 791,034*l.* In 1821, the quantity of Malwa opium sold in China amounted only to 1718 chests, or 254,264lbs., worth no more than 490,838*l.* In 1826-7, the quantity rose to 6308 chests, or to 933,584lbs., and its value to 1,281,140*l.* In 1827-8, the total quantity of Indian opium sold in China was 9475 chests, or 1,402,300lbs., and its value, as already stated, 2,238,649*l.*; so that, in the short period of six years, the quantity imported rose by 104 per cent., and the value by 24 per cent. Besides the principal supply of Indian opium furnished to China, as now described, it is to be observed, that a quantity, amounting to several hundred chests, has, of late years, been sent from the British settlements in the straits of Malacca to other parts of the empire than Canton, so that the actual present consumption will probably equal 10,000 chests, or 1,480,000lbs*.

Of the quantity of Turkey opium consumed in China, our accounts are less detailed and satisfactory. On the average of the three years ending with 1807-8, as appears from the documents annexed to the Lords' report on trade for 1820 and 1821, the annual quantity imported by the Americans, the chief importers, and, probably, indeed, at that time, the only importers, was no more than 19,200lbs. On the average of the three years ending with 1819, the quantity was 77,866lbs. In 1827, the quantity of opium exported to China from the United States appears to have been 75,451lbs.†. This, however, forms but a small portion of what is actually carried there by the Americans, who convey it thither direct from the British port of Gibraltar, and from

* The quantity is probably larger than we have given it, for we find that price having fallen between the 1st of April 1827, and April 1828, by 24 per cent.; the consumption of eight months alone, ending with the latter, amounted to 9620 chests, or 1,423,760lbs.

† In the same year Great Britain did not export a single pound to China; and the total amount of our exports to the East Indies, exclusive of the quantity exported by the East India Company to their own territories, for medicinal purposes, was 33,473lbs.—worth, at the same valuation as American opium, 28,870*l.* Of this, 29,228lbs. were sent to the Philippine Islands, one of the worst markets for the commodity in the East, but the better part of it was, no doubt, intended for reshipment to China. The total exports of the Americans from the United States to all parts of India, in the same year, were 77,923lbs., worth 66,208*l.* Their branch of trade, therefore, exceeded ours by 132 per cent. Our position, were we relieved from the incumbrance of the East Indian Company's monopoly, is surely more favourable than that of the Americans, for carrying on this branch of commerce, divided as they are from the country of production by the whole breadth of the Atlantic.

Smyrna, and other ports of the Levant. The total quantity of Turkish opium consumed in China in 1827-8 is estimated at 222,000lbs., of which the value may be reckoned at 210,231*l*. The Turkish opium maintains a more steady and uniform price in the Chinese market than that of the East India Company—another decided proof of the futility of the arguments urged in favour of the necessity of superintendence in the manufacture by a monopoly. Surely if the Turks can prepare opium of such a quality as to secure a steady price in the distant market of China, the English merchant and Indian cultivator may be expected to do the same thing in the British territories in India, without the interference of any authority.

Opium, as is well known, is, in China, a contraband article. Every grain of it is imported contrary to law; and, against edict repeated upon edict, it is diffused throughout the whole empire, and promises to become an article of very general consumption. The facility with which the law is put at defiance, affords a strange and singular example of the weakness of the Chinese Government. Until of late years, the opium used to be landed in the island of Macao, nominally belonging to the Portuguese, and from thence it used to be vended to the smuggler. The Portuguese Government injudiciously raised the duty upon its importation, and the English and American merchants, immediately removed their opium on board of ship, to certain vessels, now known under the name of “receiving ships.” A dozen of these laden with the contraband commodity—unarmed, and manned only by Lascars or Indian seamen, noted for their pusillanimity, may be seen at anchor at the mouth of the river, putting the whole Chinese empire at defiance. They are surrounded in the day-time by war and police boats, who dare not approach them; and at night, the Chinese smuggler putting them equally at defiance, comes quietly alongside, and receives his opium, either paying ready money on the spot, or being furnished by an order for delivery, from a resident European merchant. This is, as if a fleet of French and Dutch smugglers, consisting of ships of three or four hundred tons each, should cast anchor at the Nore, and vend their brandy and geneva in defiance of our whole public establishments. It is impossible to form a just conception of the feebleness of the Chinese Government, by comparing it with any modern or ancient state of Europe, or indeed, of almost any other part of the world. In the distribution of the drug, through the interior to the remotest corners of the empire, the laws are equally set at defiance, and various

contrivances are said to be employed for this purpose: a ball of opium is sometimes insinuated into a bale of broad cloth, and at other times it is conveyed in the wide sleeve of a merchant's, or a mandarin's gown*.

The taste for opium has extended to the countries in the neighbourhood of China, but from their poverty, and the superior vigilance of their governments, not to the same extent. The consumption of Tonquin and Cochin China, is said to amount to about 150 chests, or 22,200lbs; and that of Siam, where there are very few

* The following very satisfactory account is taken from the Canton Register:—"The activity of purchase is always evident on the arrival of salt and other junks, which come generally from various ports on the coast, in small fleets, and several from Chunchew, Nankin, Souchong, and Hamoon; and on their departure, when outside of the port, take in the opium." The adventure is extended to all the crew. One leading principle of the trade, never departed from, is that of receiving the money before the property is delivered. On payment being made, an order is given to the commander of the ship where the opium is deposited, and which is conveyed thither by smugglers, who attend with their boats to receive it. These boats are in general manned by thirty or forty persons, of a very active class, armed with pikes, stones, and other missile weapons, which they are very dexterous in throwing. On receiving the opium, it is usually taken out of the chests and put into bags, as a more ready package to remove it in, and one that exposes them to less discovery; for although the mandarins, under the influence of extensive bribery, which their cupidity seldom prevents them from accepting, are generally blind to the operations passing within their district, yet they are obliged, frequently from policy, as well as from other causes, to show great vigilance, which sometimes ends in capture. The junks cruise off the coast, and the boats join them with the valuable commodity. At certain periods of the year presents are sent from this province to the emperor, of furs, oranges, and other products peculiar to the place, with those brought from distant countries, such as watches, glass-ware, cloth, &c. &c., by which a facility is given to the transit of the drug, and several hundred chests are frequently conveyed by these opportunities. The vessels, in these cases, sail under the imperial flag, which forbids the right of search, and it becomes a high emolument to the mandarin in charge, who, we understand, never fails to accept of the fees of corruption.

"Smoking houses are very numerous in Canton, and are to be found in every city, town, or village over the country, and the luxury of the pipe is sought after by every description of persons, though all cannot indulge in it. The Chinese merely smoke; thus they differ in its use from the Turks, who usually, we believe chew it. However injurious a profuse use of this narcotic may be to the constitution of the smoker, still its demoralizing effects, which are witnessed in the opium gambling-houses at Singapore, and other eastern places, is unknown in China." It is curious to see the editors, after showing us from their own personal experience, that the luxury of smoking opium is not demoralizing in China, surmising that it is so in other places, of which they only speak from hearsay. At the eastern ports to which they allude, the greater number of the opium smokers are Chinese, and a vast proportion emigrants from the very same spot which they are themselves describing. The effects are certainly not more demoralizing in these places than in China; and, in fact, if there be any difference, it must be in favour of the former; for as they pay a much higher price, they ought naturally to consume a much smaller quantity.

obstacles opposed to its introduction, to 250 chests, or 37,000lbs. In the Burman empire, the laws against the use of opium, at least in respect to the lower orders, are rigorously enforced, and the consumption is said not to exceed 50 chests, or 7400lbs. Even here, however, it begins to get into fashion among the higher classes, and, during the war with the British, some of the grandees at the capital are known to have received their supplies through the Chinese province of Yunnan. The greatest consumers of opium, after the Chinese, are the Indian islanders. The consumption of the island of Java alone has been reckoned at 600 chests, or 88,800lbs. As far as Indian opium is concerned, the new settlement of Singapore has furnished the principal supply for the other parts of the Archipelago. On the average of four years, ending with 1828, the annual exports of this place were 130,824lbs., the greater part of which was for the consumption of the native states of the Archipelago. Besides this there is a smaller supply, furnished by the settlements of Penang and Malacca, and the Americans furnish a considerable quantity to the pepper coast of Sumatra. In the Malay states, there is, generally, neither tax nor prohibition on the sale of opium, and consequently the consumption rapidly increases. In the European settlements again, there is a heavy duty in the character of an excise, upon the retail vend of the drug, and here, therefore, the consumption does not advance so rapidly. This state of things chiefly refers to the establishments in the Malay countries—the only possessions belonging to European nations, where opium is a general article of consumption. It is curious to trace, in this case, the progress of enhancement in price, from its first production to its final consumption. The first-cost to the monopolist for the best opium, is 3*s.* 4*d.* per pound. The monopoly price will raise it to the exporter, say to 1*l.* 1*s.* 7*d.*, or an advance of 547 per cent. This will be sold in the market of Singapore by wholesale, say for 1*l.* 4*s.*, which is an advance upon the prime cost, of 620 per cent., and upon the monopoly price of Calcutta, of 11 per cent. At the eastern settlements, there is a new monopoly for such quantity as may be sold in a prepared state for home consumption, in the form of licences to vend the drug by retail. To the farmer of these licences, every pound of opium will cost, on an estimate of the amount of the revenue and quantity consumed, the enormous sum of 8*l.* 8*s.* being an advance upon the wholesale price, of 600 per cent., upon the East India Company's monopoly price of 677 per cent., and upon the

prime cost, of 4940 per cent.* The farmer of the privilege, however, must be remunerated for the trouble and expense of preparing the opium—for maintaining the necessary establishments to prevent illicit sales, and he must have his profits. All this, where the lowest rate of interest, among the parties concerned, is not less than 12 per cent., and more frequently twice as much, cannot be reckoned at less than 100 per cent. on the capital invested. This raises the cost of the drug to the prodigious sum of 16*l.* 16*s.* per lb. The consumer, therefore, pays, in duties, charges, and profits, an advance of 9980 per cent. upon the first price of an article which is conveyed from a distance, probably not exceeding 2000 miles, with a convenient water carriage all the way. If we add to the monopoly prime cost 100 per cent., for freights, charges, and profits, wholesale and retail, the tax will amount to 4940 per cent.—a rate of impost unexampled in any other article, and in any other part of the world—for it even exceeds the highest rate of duty which existed upon salt in England, by 380 per cent.

The universal mode of using opium in the countries to which we are now alluding, is that of smoking it. This practice seems to have been introduced by the Chinese, who, even now, perform almost every where all the necessary manipulations. The crude opium is boiled or seethed, and by this process the impurities, resinous and gummy matter, are separated, and the remaining extract only is reserved for use. This extract seems to be nothing more or less than the concentrated opiate, which the French chemists have called *morphine*. Thus prepared, the drug loses its ordinary strong and offensive aromatic odour, and has even a fragrant and agreeable perfume. A small ball of it inserted in a large wooden pipe with some combustible matter, is lighted, and the amateur proceeds to inhale four or five whiffs, when he lays himself down, and resigns himself to his dreams, which are said to have no inconsiderable resemblance to the sensations produced by inhaling the oxyde of azote, or gas of Paradise. Taken in moderation it does not appear to produce any deleterious effects on the constitution. The excessive use of it, of course, produces the usual baneful effects of narcotics, but not to a greater degree than other intoxicating drugs. A confirmed opium smoker, like a confirmed wine bibber, or dram drinker, is held in disrepute, but not in a greater degree than either of these would,

* The nett public revenue, derived from the retail vend of opium at Singapore, in 1826, from a population under 15,000, amounted, in sterling money, to 5257*l.* 16*s.*

or ought to be. The consumers, in short, use it in the same manner as we do claret, port wine, and brandy. It is remarkable, too, that with the present relative prices, the different descriptions of the drug do not materially interfere with each other's market. Among some classes, and in some districts, the amateur gives a preference to the opium of Bahar; in another, that of Benares is preferred; and in a third, the taste runs after the produce of Malwa. The Bahar opium is the most palatable, but the weakest, containing only 50 per cent. of intoxicating extract—it is the claret or Burgundy of the Chinese. The Malwa is stronger, and generally contains 60, and often 65 of intoxicating extract—it represents hermitage to the consumer; and the Turkey, which is the strongest, but least pleasant of all, and often bought only to be mixed up with the others, is vulgar port. The good people of England have a prejudice against opium eating, and opium smoking: they associate these practices with running mucks, and other horrid offences, with which, however, they have no more to do than with horse or sheep-stealing. The worthy and well-meaning abettors of this prejudice, should understand that the Chinese, who consume by far the greater part of all the quantity to which we have alluded, never run a muck, and are the most industrious, the most sober, and, upon the whole, even the most moral people of the Indies*.

* We are indebted for many of the facts brought forward respecting the opium trade of China, to a well-informed newspaper, published in China, under the name of the "Canton Register." This journal was commenced by an American gentleman, but is at present understood to be conducted by two Englishmen, the one, a gentleman well known for his literary acquirements, and the other an English merchant of great intelligence and respectability. It would appear, by the statements given on their authority, that even the Chinese Government begins to be somewhat reconciled to the practice of using opium on the part of its subjects. "The objections to opium smoking we are told," say they, "is not so strong, in the view of government, as the system of prohibition would indicate; and even in the peregrination of the present Judge Yaon, who, in his zeal to correct abuses, appears to have dived in secrecy into all societies, for the purpose of detecting misery and vice, has expressed his sentiments very candidly, and declares he cannot discover the great evil so much deplored in the habit, since all whom he has met in the indulgence, have appeared to him an orderly class of persons."—*Canton Register*, August 1828.

We may add here, that the maddening, and generally deleterious effects of eating opium in the crude state, as practised by the Turks, are certainly not known among the Chinese or others, who merely smoke the *morphine*, or extract. Upon the latter, the effects are invariably sedative, and are never, that we have heard of, followed by the wild and furious gestures with which the opium eaters of Turkey are described as being affected. This would seem to confirm the superiority argued by medical writers for the *morphine*. Mr. Marsden, a high and distinguished autho-

The facts and statements which have now been given, afford ample materials for suggesting a reasonable scheme for the advancement and improvement of the agriculture, trade, and revenue, connected with this important staple of Indian production. The great singularity connected with the opium revenue consists in this—that the tax is not levied upon the producing country, but upon the foreign consumer. The existence of the monopoly, therefore, depends upon its production, whether from natural circumstances, or local laws, being impracticable in the countries which chiefly conduce to its consumption, while the countries which might supply them are at present very limited. In the damp and warm countries near the equator, where opium is at present used, it does not appear, from the experiments which have been tried, that the poppy, as an article of husbandry, will thrive. In China, and the neighbouring countries, which appear well suited to its growth, its culture, again, is rigorously prohibited by municipal laws, which it would be impossible to evade. We have already stated that the culture of the opium poppy is confined to Turkey and British India, but even this embraces at least twenty degrees of latitude, and there is no reason whatever for supposing, that it might not be produced in many other parts of the world, such as the southern provinces of the United States, many parts of Mexico, Columbia, and the Brazils. The want of cheap labour, requisite for performing to advantage the many manipulations necessary in extracting and preparing the drug, seems the only present objection to the culture, but this is one not likely to last long. The emancipation of Greece, and the extension of the culture of the poppy in that country, under more favourable auspices, will probably produce an earlier revolution in the trade*. The extended culture of the opium poppy, even in India itself, has produced a great revolution in the opium trade, and revenue, as we have already stated, reducing the profits of the monopoly from 850 to 67 per cent., to 94 per cent., or, even on the most sanguine expectation of advantage, to 185 per cent. British India, from its vicinity to the principal mar-

rity, above forty years ago, described some of the habitual opium smokers of the interior of Sumatra, as being equally robust and vigorous as the rest of their countrymen, and, in short, no more affected by the moderate, though frequent use of the drug, than a London coal heaver's strength is impaired by drinking porter.

* The culture of the opium poppy in Java has been tried, but failed. The experiment has been made of 15 years in the Philippine islands, and, judging from the climate, we should think with a better prospect of success.

kets—from the extensive commercial intercourse which subsist between it and these—from the fertility and suitableness of its soil and climate, and from the low price of labour, unquestionably possesses many advantages for conducting the opium trade; but these are by no means sufficient to compensate for the obstacles thrown in the way of production, by the restraints of the monopoly, and would be altogether inadequate to protect the Indian opium from the effects of a competition with any country of tolerable soil and climate, where the article was grown by free labour, without being subjected to the trammels of an exclusive trade. The object of our scheme then would be to abolish the monopoly, and make the culture and trade free throughout the country, without any other interference on the part of the government, than levying a moderate excise duty upon the poppy, or on the drug itself, when extracted.

The number of consumers, with a view to this plan of revenue, may first be estimated. We may reckon the population of China, where opium is consumed from one extremity of the empire to another, at 150,000,000 in round numbers. The neighbouring countries, allowing four millions each for the kingdoms of Cochin China, Siam, and Ava will give 12,000,000. The population of two of the principal countries of the Malayan Archipelago, Java, and the Philippines, has been ascertained with tolerable accuracy. The first contains 5,000,000, the second above 2,000,000, and allowing 3,000,000 for the rest, we shall certainly not overrate the whole of its inhabitants at 10,000,000. The aggregate will give 172,000,000 of foreign consumers, to whom the market for the produce of British India is open. With an excise duty, especially if levied on the poppy, nearly the whole population of India will be included; and, although in most parts of the country* the quantity used is not great, numbers will in some measure compensate. The quantity of opium annually sold on account of the monopoly throughout all India may, we believe, without much inaccuracy, be assumed at 1,702,000lbs., of which it may be computed that 222,000 are Benares, 444,000 Bahar, and 1,036,000 Malwa. Valuing the first at 3s. per lb., the second at 3s. 4d., and the third at 8s., the total prime cost will be 521,700*l.* A duty of about 9s. per lb., allowing 5 per cent. for charges of collection, would cover the whole amount of the revenue received on account of this drug, as exhibited by the public accounts for the year 1824–5, viz.

* Some of the Western Rajpoot tribes are great consumers of opium.

735,307*l.* A duty of 4*s.* 8*d.* per lb., with the same allowance, would cover the amount of the revenue for the year 1825-6, or 379,219*l.*; and a duty of something less than 13*s.* per lb. would cover the expected revenue of the years 1826-7 which was 1,018,640*l.* These rates of duty are all, however, a great deal too high, either to encourage production, or adequately to discourage smuggling. The object, of course, ought to be, and, in fact, it is the one at present avowed by the Indian Government itself, to increase the quantity, and if this take place in any thing like the degree to which experience would warrant us to expect, a very moderate duty will not only be sufficient to secure the present amount of revenue, but greatly to enhance it. To determine a suitable rate of duty we must advert to the state of the foreign market, in order to discover what price the drug can be afforded for to the foreign consumer. A pound of Turkey opium, which is worth 17*s.* in the London or New York market, is sold in that of Canton for about 21*s.*, an advance of 23½ per cent. There can be no good reason to imagine that the cost of carrying opium from the interior of Bengal to China is greater than that of carrying the same drug from England or America. In this case the best Bengal opium, of which the prime cost, in the place of production, is 3*s.* 4*d.*, and which, at the present low prices in Canton, costs there about 26*s.* 2*d.*, might be sold without duty for 4*s.* 1½*d.*, or, to give round numbers, at about 4*s.* 2*d.* The Chinese, therefore, pay a tax upon this description of Indian opium of 22*s.* per lb. or 528 per cent,—an enormous amount, which obviously discourages consumption. Were the same duty imposed in Bengal which is now imposed in England, or 4*s.* per lb., the prime cost, duty included, would amount to no more than 7*s.* 2*d.* per lb., and the Chinese might then have the same opium which costs 26*s.* 2*d.* for 8*s.* 10*d.* This would be 66 per cent. less than the present prices, and near 58 per cent. less than the price of Turkey opium, without reference to that of Bengal being intrinsically more valuable than the latter by above 38 per cent. The quantity of opium which must be produced to afford the average revenue of the period of three years, ending with 1826-7, or 721,055*l.*, which, as already mentioned, however, includes a year of estimate, would be 3,785,535*lbs.*, which exceeds the present produce by about 122 per cent. That the expectation of such an augmentation is not unreasonable may be inferred from the increase of consumption which has actually taken place of late years in the principal market, China, where a reduction of 47 per cent. in the

value had produced, in the short period of six years, an augmentation of consumption of 104 per cent. Even this rate of augmentation would raise the present quantity to 3,472,080lbs., which is within 313,455lbs. of the necessary quantity, and would yield a revenue of 659,696*l*., or within 61,359*l*. of the present amount. Were the increase of production to follow the ratio of reduced price, or 66 per cent., then the quantity produced would be 4,186,920lbs., and the revenue, deducting 5 per cent. as before for charges of collection, would be 795,515*l*. which exceeds the present revenue, as we have already stated it, by 74,400*l*.

Although, with a view to promote cultivation and production, and to discourage smuggling, the tax ought ultimately to be reduced to the lowest possible standard, yet the security of the revenue may, in the first instance, make it necessary to assume a higher rate of duty. Between 4*s*. and 22*s*., the tax which we have computed the Chinese to pay, there is an ample range for selection. From the statements which we have before given, there cannot be the least doubt but that it is the high duty, or exorbitant monopoly price of the East India Company, the tax of 850 per cent. upon the opium of Bengal, which brought, first the Turkish, and then the Malwa opium into the Indian market; for it cannot for a moment be imagined that commodities of which the cost of production is 8*s*. and 17*s*. per lb. could, but for a total exemption of duty on the one*, and a difference of duty in favour of the other, which cannot be computed at less than 370 per cent., be brought to compete with one which costs but 3*s*. and 3*s*. 4*d*. It is clear to us, therefore, that were the free culture of the poppy established in Bengal, with a fixed and moderate tax, the superior cheapness of the produce of that country would soon give to it the entire supply which it before possessed of the Indian market. The duty, therefore, may be assumed at such a rate as will enable the opium of Bengal to undersell that of Turkey and Malwa. We shall suppose that the different descriptions of Indian opium are of the same value in the foreign market, or 26*s*. per lb.; the price of Turkish opium at the same time is 21*s*. The prime cost of Turkish opium is 17*s*. per lb. The Bengal opium, therefore, would bear a duty of 13*s*. 10*d*. to put

* We do not know what the prime cost of Turkey opium may be, but making ample allowance for profits and charges, say 20 per cent. between the prices in Smyrna, and in London, and New York, there will still remain above 14*s*. 7*d*. per pound for the first cost. There must, therefore, either exist heavy duties, or monopolies, or impediments to trade and production equivalent to them, or the Turkish territory is unsuitable to the growth of the commodity.

it on an equality in the foreign market, and this without any allowance for its superior intrinsic value. We shall assume the duty, however, as low as 8*s.* This would make the prime cost of the lowest description of Bengal opium 11*s.*, and of the best 11*s.* 4*d.* Adding 28½ per cent. as before for costs, charges, and freights to China, the price in the market of Canton would be respectively about 13*s.* 7*d.* and 14*s.* per lb. The same duty added to the first cost of the Malwa opium would make its price in India 16*s.*, and its cost in China 19*s.* 9*d.* The Malwa opium would therefore be dearer than the best Bengal by 41 per cent., and the Turkey opium dearer by 50 per cent., or, more correctly (intrinsic value considered), by 86 per cent. Both descriptions would, of course, be unsaleable. We have probably, however, underrated the real cost of producing Bengal opium, for it is alleged, and we dare say truly, that the peasantry are, under the monopoly system, induced to engage in the cultivation of the poppy at the present prices by the temptation of advances from the treasury of ready money, and other indirect advantages. If this be the case, it is obvious that the state must lose as much in one way as it gains in another, and that its supposed profit is a mere delusion.

We shall suppose, therefore, that the cultivator is at present under paid, and that, in a free trade and culture, the real cost of production, rising some 50 per cent. beyond its present amount, it will be, in round numbers, 4*s.* 9*d.* per lb. The Indian price in this case, duty included, will be 12*s.* 9*d.*, and the price in the principal market, China, about 15*s.* 9*d.* Even this will make it cheaper than Malwa opium by 4*s.*, and than Turkish by 6*s.* 3*d.* If the true cost of production in Bengal should turn out to be the same as in Malwa, which seems very improbable, then the culture would be prosecuted alike in both countries, and the produce of each would undersell that of Turkey by 1*s.* 3*d.*, or, allowing for their intrinsic superiority, by 4*s.* 3*d.* per lb.

The quantity of opium necessary to yield the largest estimate of net revenue made of late years by the Indian Government, or 1,048,640*l.*, allowing 5 per cent. for charges of collection, will be 2,752,680*lbs.* The reduction upon the present prices in the Indian market, produced by a fixed duty of 8*s.* in lieu of the monopoly, amounts, on the supposition that the prime cost is 4*s.* 9*d.*, to 37 per cent. We have before seen that a reduction of 47 per cent. in cost was accompanied by an augmentation of 104 per cent. in consumption. A fall of 37 per cent. would, in the same proportion, raise the consumption to 3,089,130*lbs.*, which,

deducting 5 per cent. for charges of collection, would make the net revenue 1,173,869*l*. This exceeds the average revenue of the fourteen years ending with 1821-2, under the old monopoly, as before quoted, by 327,706*l*.; it exceeds the average of the actual revenue of the years 1824-5 and 1825-6 by 616,606*l*. and it even exceeds the contemplated increase of 1826-7 by 125,229*l*.

The plan which we have now suggested supposes the displacement of Turkey opium from the Indian market. This is reckoned to amount to 266,000*lbs*. If the Bengal opium, from the lower cost of its production should displace that of Malwa also, this will necessarily be followed by an event which has hitherto proved very embarrassing to our Government under the system of monopoly, viz. the annihilation by fair means of the supply of opium sent from that and the neighbouring countries to the foreign market, and either exported through the Portuguese ports, or smuggled from our own, and which, for the year 1827-8, was estimated at 296,000*lbs**. The transfer of the production of these to the British dominions in Bengal will, of itself, give, at the fixed duty of 8*s*. an additional revenue, altogether independent of enhanced production, upon the present quantity, under the monopoly of 224,800*l*., after deducting 5 per cent. for collection. This will make the total revenue under our proposed scheme 1,398,669*l*. On the estimates now given the total quantity of opium consumed in the foreign market of India will be 3,651,130*lbs*. At the cost already given, or 15*s*. 9*d*. per *lb*., this would be worth 2,875,264*l*. The present amount of the Indian opium of the monopoly sold in the foreign market is, as already estimated, 1,702,000*lbs*., and its cost, at 26*s*. per *lb*., is 2,212,600*l*. Under our scheme, while the price is reduced by 37 per cent., there will be an extension of the British capital employed to the amount of 662,664*l*., or, per annum, an advance upon the present amount of our commerce in the article of opium equal to 30 per cent.

With respect to the mode of levying the duty, it is hardly necessary that we should enter into any details. The tax may be either estimated on the field of poppies when ripe, or assessed by weight on the opium when collected, or taken as an export duty. To take it, generally however, in the shape of an excise, will probably be most convenient and productive; for in this case not only the foreign but the home

* In 1828-9 the actual sales it appears exceeded this, and actually amounted to 3000 chests, or 444,000*lbs*.

customer will be subjected to the tax. In whatever form it may be taken, it would be quite unreasonable to suppose, that either the expense of collection, or the risk of smuggling, will be greater under a system of moderate than of exorbitant duties

The revenue derived by the Indian Government from opium is commonly imagined to be very large; but if we consider that it is furnished from the consumption of 172,000 000 millions of consumers, it is, in reality, trifling to what it might be. This fact, the facility of realizing a large revenue from fixed duties, and the advantages of fixed duties over monopolies, we shall endeavour to illustrate by reference to similar branches of revenue in other countries. The hop duty, in our own country, is a striking example. The quantity of hops paying duty, we believe the whole, or nearly the whole, of domestic produce, amounted, in the year 1827, to 53,140,981lbs., and in 1828, to 35,901,401lbs. The gross duty, at 2*d.* per pound, collected at the place of growth, amounted, in the first of the years named, to 442,841*l.*, and in the second, to 299,178*l.* The average net duty of both years was 370,320*l.* We believe, that the average value of all hops in England, during the two years in question, may be taken at about 7½*d.* per pound, duty excluded. Supposing this to be the case, the total value of the produce of 1827 would be 1,660,655, and that of 1828, 1,121,918*l.* The *ad valorem* duty here amounts to between 26 and 27 per cent.; and with this comparatively moderate tax, collected apparently without much difficulty or expense, a net revenue is realized on an article of no great importance, from a population of some 23,000,000, which, were it equalled in productiveness by the 172,000,000 which we have named, rejecting domestic consumption altogether from our calculation, would amount to 2,769,349*l.* With free culture, an open commerce, and fixed and moderate duties, we see no ground whatever to despair of seeing such an amount of revenue as this realized by the Indian Government upon its opium. The opium revenue, indeed, has many obvious and natural advantages over that derived from hops. The culture of hops, for example, is limited to a few spots, and, as the example we have given shows, is extremely precarious. The culture of the poppy, on the contrary, it is well ascertained by experience, may be successfully prosecuted in India, from the twenty-third to the twenty-sixth degree of latitude, and from the seventy-fifth to the ninetieth degree of longitude. It is true, that like the hop, the poppy, although not to the

same extent, is also a precarious plant, but from the wide range which its culture embraces, it is plain that the failure of crop in one climate, or locality, will generally be compensated by its success in another; and that there will neither be the same fluctuation in produce or revenue as in the case of the article with which we compare it.

The malt duty, in this country, is one which may be fairly compared with the tax on the consumption of opium. The net revenue afforded from this article throughout the United Kingdom, in the year 1827, was 3,335,143*l.*, which exceeds the highest estimate of the Indian opium revenue, in more than a threefold proportion. It cannot, we think, for a moment be alleged, that the process of collecting an excise upon opium can be more complex, more operose, or more liable to evasion, than an excise upon malt. The poppy is grown for one purpose only. If the tax be taken on the crude opium, it is taken on or near the spot where the poppy is grown, and the officer has it always in his power to compare the produce with the extent of the field which yielded it, and the amount and quality of the crop. Barley is grown for many other purposes than to be converted into malt, and the officer has no check whatever upon smuggling, or evasion, of a similar description; for the article may be malted a hundred miles distant from the place of growth.

Of the advantages of fixed duties over monopolies, we shall here quote but one example, that of tobacco. With respect to this article, the revenue in Great Britain is levied by a fixed duty, but not very judiciously; for on some descriptions of the commodity it amounts to an *ad valorem* duty of only 600 per cent., and in others of at least three times as much. In the State of Mexico tobacco is, as is well known, a government monopoly, which, in some respects, has a considerable resemblance to the opium monopoly of our Indian government. The culture is confined to one small district, where the contractors deliver it into the public stores at the rate of 1*s.* 7*d.* per lb., and the government, carrying on the manufacture itself, retails it in the character of snuff and segar merchants, at an advance of about 366 per cent. The highest produce of this tax, under the old Spanish government, in the year 1808, was 958,989*l.*, when the population was estimated at 7,000,000. Under the new government, in 1826, an extended commercial intercourse having produced great facilities for smuggling, the net revenue fell to 293,600*l.*—a result which, although in the one case a domestic, and in the other a

foreign market be concerned, bears a strong resemblance to the defalcations of revenue which has followed in India from the introduction of Turkish and Malwa opium*.

The net revenue of the United Kingdom arising from tobacco, in the year 1827, was 2,826,378*l.* To have equalled the Mexican revenue in productiveness, under the old government, it ought to have amounted to 3,150,963*l.*, and falls short of it in proportion to population by 324,585*l.* This is easily explained by the different circumstances of the two countries. The Spanish government, under its commercial restrictions, possessed as undisturbed a monopoly in tobacco within its colony as the Indian government did of opium in the Chinese and Malwa market before the introduction of Turkish and Malwa opium. Every man, every woman, and almost every child in Mexico is a consumer of tobacco, and considers it as an indispensable necessary. The government therefore was in a position to exact what was equivalent to an enormous capitation tax of near 2*s.* 9*d.* per head. In England, probably not one man out of five consumes tobacco,—few women consume it all,—and young persons are altogether out of the question. Besides this, the enormous duty of 3*s.* per lb. upon a commodity which, intrinsically, is commonly not worth above 4*d.*, and often not worth 2*d.*, encourages smuggling to a great extent. The advantage of fixed duties, however, will appear sufficiently conspicuous, if we compare the tobacco revenue of England with the same in France, under a system of monopoly—it being recollected that tobacco is a more general article of consumption among the people of the latter than those of the former country. In the year 1827 the produce of the monopoly of tobacco in France, with a population of thirty-two millions, was 2,698,839*l.*, which fell short of the actual revenue of England for the same year by 127,539*l.* In proportion to the respective population of the two countries, the revenue of France ought to have been 3,932,352*l.*, and, therefore, in reality, falls short of that of England by 1,105,974*l.* In the present case this is not the only advantage of free trade, and fixed duties over a monopoly; for, in England, the supply of tobacco is unexceptionally good, while in France it is worse than in any country of Europe, where there is no monopoly, its price at the same time being so high as to encourage smuggling, even to a greater extent than in England.

The only objection which we can anticipate will be made

* WARD'S *Mexico*.

to the plan which we have now suggested, will be on the score of *morality*. We have already shown that opium, in the manner in which it is consumed by the Indians, is not a whit more pernicious than brandy. We have been represented as furnishing the Chinese and others with a poison, which, however, has no more foundation in truth than the assertion, were it made, that the southern nations of Europe poison the northern nations because they furnish them with wines and spirits. What, however, after all, is the extent of this consumption, about which we have heard so much mawkish morality? At present, at least, it will appear very trifling, even when estimated by that of the country in which it is the largest—China. On the average of the years 1826-7, and 1827-8, the consumption of the whole empire was but 1,638,856lbs., which gives no more than $2\frac{1}{5}$ drams per head for each individual. Excluding females, and we know they ought not to be all excluded, the consumption per head will amount to no more than $5\frac{1}{5}$ drams; but even from this must be subtracted the supply furnished by China to neighbouring nations.

Now the value of $2\frac{7}{10}$ drams of opium is less than 4d., and this quantity will hardly afford a daily consumption per head of one-fifth of a grain; or, if we exclude females, of no more than two-fifths of a grain. The consumption of Great Britain in opium for the year 1827 was 17,302lbs., which is equal to an annual consumption per head of $5\frac{1}{5}$ grains. This is, however, for mere medicinal purposes; and to place our population on an equality with that of China in regard to the consumption of opium, it will be necessary to add to it our whole consumption of colonial and foreign spirits, and foreign wines, duties included; because, for all of these, opium is the only substitute among the Chinese, while they pay a heavy duty, if not to their own, to a foreign government. The average annual value of the consumption of China in opium for the two years, ending in 1827-8, was 2,365,646l. Our consumption, in the wine and spirits alluded to, may be valued at 7,486,595l., and adding opium at 7,510,050l., the value of the consumption of each individual amongst the Chinese, according to this statement, is, therefore, short of 4d., whereas the value of the commodities already stated among us, is at the rate of 6s. 6 $\frac{1}{2}$ d. per head. We are, then, consumers of foreign commodities, calculated to produce inebriety, in above a twenty-fold proportion greater than the Chinese. In 1828, the consumption of prepared opium, or *morphine*, mixed up with saccharine and other matters, in China, was estimated at 134,000,000

of mace, and the average quantity used by each individual at three mace, or near 174 grains per diem, which makes the total number of consumers of opium no more than 122,374, or less than one in 1000 of the population. We have no doubt, however, that this is an enormous overrating of individual consumption, and that one-third of the amount will be much nearer the truth; but even this will make the consumers no more than 367,122, or less than one in 400 of the population*. This statement shows clearly, that the consumption of opium in China, instead of being great, as is commonly imagined, is, in reality, trifling:—in short, it shows, that the trade in this article is, as yet, in its mere infancy.

If, however, it had been really true, that opium for the purpose of producing inebriety, were a deleterious drug, it is to be recollected, that we are not legislating for the Chinese, or for the Malays, and that we have no more right to call upon them to abstain from opium, than we have to call upon the Russians to abstain from quass, and betake themselves to English porter. Such is the passion for opium amongst the people, that they will have it, at any cost, even in despite of their own municipal laws; and if *we* do not furnish them, we know, from experience, that *others* will.

* “As the daily indulgence is spoken of in degree, of so many candarin or mace, of which latter 160 are equal to a catty, we will reduce our term to the character of mace, and fix this year’s importation to 131,000,000; but lest we might be supposed to make an error in the numeral statement, we will express it in words, to be upwards of 131,000,000 of mace of consumable opium. Some persons, from long habit of sensuality and indulgence, have brought themselves to the power of smoking two mace, and sometimes more per day, even as far as four mace; others, commencing with only five or six candarin, imperceptibly advance to the consumption of a mace, and are considered as very temperate smokers. But should we come to the conclusion of two mace a day among regular smokers, we must fall very short of the real consumption, when we take into consideration, that the use of the drug enters into the hospitable notions of both the middle and inferior order of society in almost every district; as it is also accepted as a luxury amongst the depraved, the consequent thoughtless use of it, and the waste arising therefrom, must be very similar to the extravagant expenditure of wine and spirits, by those nations who partake of the social draught in hours of conviviality or riot.

“We consider, however, that under all chances and accidents, three mace a day is a very moderate computation for the average consumption; and then we will inquire of the gentlemen versed in Chinese statistics, what population is requisite to carry away an importation of 131,000,000 mace of opium? We can take a glance over the map of China, and reconcile to our reason the demand with the importation; since from all we can deduce from our constant inquiries, an increase of taste and indulgence in the drug is daily taking place, which the moderate price that it has lately

The East India Company, with its usual dexterity in such matters, has taken advantage of the common prejudice against the use of opium, and, like others who denounce gin, but indulge in potations of claret, has affected to discourage its consumption. Unaware all the while that, in an open trade, its own revenue would, in reality, be larger, it has deduced from it an argument in favour of the high monopoly price which it once enjoyed. The Company, while it retails serges and broad cloths, absolutely refuses to be at all concerned in the direct trade in opium, and, under heavy penalties, prohibits the officers of its ships from engaging in it. It would not for the world be thought to violate the laws of China, or to poison its inhabitants. Meanwhile it lays its estimates before Parliament, calculating upon a profit of above 1,000,000 sterling per annum, from the traffic which it would be thus thought to denounce. There is something exceedingly offensive in this sort of coquetting with morality. If the retailer of the drug, who receives from it only an ordinary commercial profit, be blamable, how is the sole preparer, and only wholesale vender of the poison, to be exculpated, that has received his million?

It is hard indeed to know by what casuistry the East India Company has brought itself to make out that there is any material distinction between its case, as the first preparer and vender of the drug, and that of the retail vender, who is the ultimate instrument of distributing it. Perhaps the magnitude of the transaction will afford the readiest solution of the difficulty! According to M. Vidocq, the convicts at the galleys, who had committed crimes of the higher order, looked with ineffable contempt upon those who had been condemned for smaller offences. For example, the grand larceny gentleman who had stolen the Regent diamond, once recounting his exploit to his comrades with pride and satisfaction, turned round to a petty larceny rogue who had only robbed a garden, and ended by saying—"was that stealing cabbages?" In the opium trade the Company's million per annum may probably stand for "the Regent diamond," and the private trader's few paltry chests of opium will represent "the cabbages."

borne, may tend much to promote; and there is little doubt but its circulation spreads to all parts of the empire, and meets with the desire of every part of the community: this, when once gratified, is seldom destroyed, but increases with the indulgence. In one province, we are told, that the females are allowed the opium pipe; but, generally speaking, it is not permitted to the sex, the licentious only being partakers of it."

Canton Regi ter, 101 1528.

Such was the old system, on which the monopoly was customarily vindicated. We are bound, however, in candour, to acknowledge that this ludicrous and dishonest shuffling has been abandoned of late years, at least by the Local Government of India. The principle now assumed, is to produce as much opium as possible—a revolution in the moral sentiment of the parties, brought about by the competition of Turkish and Malwa opium ! These parties now condescend to prepare, and vend the poison in question, at a reduced rate, according to their own estimate, of about 665 per cent. Various schemes have, of late, been had recourse to to increase production ; and even notable artifices have been suggested, under the express authority of the Local Government, for defeating the absurd laws of China. The growth of the poppy, instead of being confined to a few spots, as heretofore, appears now to be extended throughout the country ; and the collectors of the land tax are encouraged by a commission to act as agents for collecting the drug. A few years ago, at the recommendation of one of the principal officers of the revenue, the balls of opium were manufactured of a flat, instead of a spherical form, and of one-half the usual weight, and packed in chests of one-half the common size, with an express view to the convenience of the smuggler. This plan, indeed, failed, but it would be hard on that account to deny to the Government the merit of a systematic intention of encouraging the contraband trade, and putting the imperial laws at defiance !

Note.—The text of the present Essay had been printed before the Writer had an opportunity of referring to the documents laid before Parliament in June 1829, and February 1830. Besides the authorities quoted in the marginal notes or text, the following have been consulted :—Mr. RICKARD's *India, Part II.* ; Various manuscripts respecting the salt trade, of which the authors names cannot be given to the public ; The *East India Annual Revenue Accounts* ; *General Statements of the Exports and Imports of the United States* ; *The Annual Reports of the Secretary of the Treasury (American)* ; *the Annual Accounts of the Commerce and Finances of the Netherlands laid before the States-General* ; *The Annual Accounts of the Finances and Commerce of France* ; and a considerable Mass of Parliamentary documents. With respect to Indian and Foreign money referred to throughout, they are converted into sterling at their mint prices.

APPENDIX.

A.

Tabular View of the Consumption and Revenue of Salt, in different Countries.

COUNTRIES.	Population.	Consumption.		Prime Cost per Bushel.	Duty.		Nett Revenue.	
		Total.	per Head.		per Bushel.	per cwt.	Total.	per Head.
Under Monopolies.	Lower Bengal	43,000,000	Bushels. 8,172,311	d. 5½	s. 4	273	£. 2,231,022	d. 6½
	Madras	13,508,535	6,041,872	2	0	408	240,259	4½
	France, under the Gabelle.	24,800,000	6,818,736	—	—	—	240,259	4½
	Russia	47,000,000	16,714,385	—	—	—	2,426,250	11½
	Prussia	12,726,110	—	—	—	—	—	—
	Spain	10,351,075	—	—	—	—	460,275	8½
Under Duties.	England and Wales . .	11,078,875	1,086,559	0	15	4000	1,476,240	5½
	France	32,000,000	7,960,000	5½	6	1423	2,516,147	7½
	Netherlands	6,000,000	905,042	9½	5	680	228,811	9½
	United States	12,000,000	6,076,165	6½	0	164	147,968	2½
	TOTALS	112,508,535	32,284,885	—	—	—	2,574,770	6½
Indian Revenue on proposed Plan.	Lower Bengal	60,000,000	17,142,857	1	2	164	2,035,715	8½
	N. W. Provinces . . .	10,000,000	2,157,142	1	1	141	192,261	4½
	Madras, Bombay, &c. .	43,508,535	13,984,886	0	1	600	616,794	3½
TOTALS		113,508,535	33,284,885	—	—	—	2,844,770	6½

Note.—For the convenience of the reader, the results of the consumption of salt in the several countries are given in a tabular form, as well as the number of bushels of salt in Prussia and Spain, the consumption of which came to the whole of the above, since printing the copy, are added.


B.

OPIUM TRADE OF CHINA.

By the papers relating to the trade with India and China, laid before Parliament in June 1829, it would appear that the quantity of Indian opium imported into China, from the British territories, in 1827-8, was 10,271 chests, and its value 11,243,496 Spanish dollars, or, at 4s. 3½d. per dollar, 2,424,378*l.* This does not include the opium imported from the Portuguese settlements, estimated at 2000 chests, which would make the whole quantity 12,271 chests, and the value, for there is no difference in quality not favourable to the last named description, 2,896,460*l.* To make the account of the opium trade with China complete, there ought also to be added, the whole Turkey opium, as well as the Indian opium imported by native vessels. The total invoice value of all the East India Company's trade, in the same year, according to their own showing, whether import or export, and whether with Great Britain, India, the Cape, or the North American colonies, was 3,172,479*l.*, or exceeded the imports of opium, from India alone, by no more than 276,019*l.* But the Company's statement is exaggerated, by converting the Chinese money or *Tael*, in which all the accounts are kept, into sterling, at the rate of 6s. 8d. to the pound, such money being intrinsically worth no more than 6s. This necessarily reduces the Company's trade to 2,855,232*l.*, or makes it less than the import of Indian opium by the free traders of India, exclusive of Turkey, &c., by above 40,000*l.* That there is no exaggeration in the account rendered of the Chinese opium trade, either here or in the text of the Essay, is not to be doubted; for we find, that in the first nine months of 1828, the total consumption of China was estimated at 10,501 chests, and the value at 10,060,835 dollars, or 2,169,367*l.* This exceeds the consumption and value, respectively, of the corresponding nine months of 1827, by 33 and 21 per cent*.

* *Papers relating to the Trade with India and China.* Ordered by the House of Commons to be printed, 4th June, 1829, Nos. 1, 29, and 32.—*Canton Register*, 3rd January, 18

East-India and China Trade



REVIEW

OF THE

ARGUMENTS AND ALLEGATIONS

WHICH HAVE BEEN

OFFERED TO PARLIAMENT

AGAINST

THE RENEWAL

OF THE

EAST-INDIA COMPANY'S
CHARTER.

LONDON:

EFFINGHAM WILSON,
88, ROYAL EXCHANGE.

1829.

Price Two Shillings.

WILLIAMS, BRANTON AND CO. PRINTERS, 135, FLEET STREET, LONDON.

REVIEW,

§c. §c.

THE industrious efforts made throughout the country for a considerable time previous to the debate of the 14th May last, by irresponsible pamphleteers and itinerant lecturers, to inflame the public mind on the question of the East-India trade, and to pander to vulgar prejudices, have produced, as might be expected, at a period when severe distress exasperates the feelings of all classes connected with the manufactures of the country, a violent outcry against the East-India Company; and it will require the utmost vigilance and fortitude on the part of Government, supported, as it ought to be, by sober and reflecting men, to guard the Legislature from being overborne by the clamour. Every engine that interest and malice can devise, is and will be employed, to irritate the public mind, to poison the sources of information, and to bias the decision of Parliament.

When manufacturers and operatives are told that there is an effectual demand in India and China for many millions' worth of the very goods which are now unsaleable abroad at prime cost ; that the monopoly of the East-India Company is the only obstacle to the operation of that demand upon the English market ; when they are assured that a free trade to India and China is a panacea for all the evils they endure ; can it be wondered at that they greedily catch at the bait, and, failing to detect the fallacies which are offered to them, that they adopt with avidity every plausible statement which flatters their hopes ? It is said, with an air of ridicule, in one of our ablest public journals,* remarkable for its hostility to the Company, when adverting to the infatuation of the manufacturers of Lancashire, that " they are looking for *a mine of wealth* from the opening of the India trade."

The nature of the arguments addressed to the manufacturing population, by individuals who merely look either to the gratification of revenge or to the augmentation of their agency, without regard to other consequences, may be detected in the language of some of the petitions addressed to Parliament. A few examples are selected.

In the petition from the operative weavers of Carlisle and its environs,† the petitioners begin by setting forth the low rate of their wages, their average earnings not exceeding 6s. per week, after working fifteen or sixteen hours a day : proving, they observe, that " some salutary legislative measure is indispensably requisite

* Times, 18th May.

† Presented 12th May.

requisite to obviate the real producers of wealth from becoming one general mass of paupers." They then proceed to their specific :

The petitioners are of opinion that the monopoly enjoyed by the East-India Company is to them a material injury ; it appears obvious to the petitioners, that the Company's engrossing nearly the whole of the trade in the East-Indies, supersedes that fair competition in the market which would *advance the price of labour*, and reduce the price on articles of consumption ; that the enormous and extravagant profits derived from the trade by a privileged few, are so much deducted from the earnings of the industrious workman, which he would enjoy by fair competition : under this impression, the petitioners humbly solicit that the house will give notice, that the charter will not be renewed.

Thus, these poor people have been deceived into a belief that the monopoly of the Company has reduced their wages ; and that a free trade to the East, where they would encounter the rivalry of weavers who work nearly the same number of hours per day, and obtain only 1s. 6d. per week, would " advance the price of their own labour." The argument of the party prompting them is, on other occasions, that the Company's monopoly has had the effect of keeping up the price of labour in England !

Again : the petition from Wigan* states :

Many thousand persons residing in the parish of Wigan, and formerly fully employed in the manufacture of cotton goods, which is the principal manufacture carried on at Wigan and its vicinity, are now suffering great privations for want of sufficient employment, and in consequence of the very low rate of wages ; that many of the petitioners are

B 2

extensively

extensively engaged in the cotton manufacture, which is in a state of great depression, from which state of depression the petitioners are convinced it would be restored by opening the trade to China, and removing the impolitic restrictions on the trade between this country and the East-Indies.

The petition from Wakefield* represents, that “ a removal of the Company’s restrictions on the consumption of woollens by the immense population of India and China, would restore the town of Wakefield and its neighbourhood to its former prosperity.” The petition† of the landholders in the vicinity of Launceston, in Cornwall, sets forth the depressed state of the wool trade, and the decrease in the flocks of sheep, in consequence of the low price of wool, owing to the importation of foreign wool at a low duty, but “ mainly to the monopoly engrossed by the East-India Company !”

Some of the petitions, by a singular species of inconsistency, enforce the policy of a free trade with India by arguments derived from the impolicy of the recent change in our commercial system, whereby we approximate to a general freedom of trade. Thus the petition from the Staffordshire potteries‡ alleges that “ the present distress of trade is occasioned by the policy of our Government, in admitting for home consumption the manufactures of foreigners into competition with our own ;” therefore, say the petitioners, it is necessary to look to new countries and to our dependencies for relief, and to open the trade with

* Presented 7th May.

† Presented 6th April.

‡ Presented 12th May.

with India. The petition from Kidderminster* argues, that as the United States of America and the European states are adopting regulations for the encouragement of their own manufactures by excluding British productions, “the period will be rapidly accelerated when our trade *must inevitably decay* ;” and that it is, therefore, our obvious policy to protract that period, by throwing open the eastern trade.

Some of the petitions (that from Macclesfield, for example) protesting against the introduction of foreign manufactures, ridicule, as will be presently shewn, the arguments in favour of free trade with India, derived from its apparent increase since the renewal of the charter; the allegations of many of these petitioners are, in short, perfectly suicidal.

Some of the petitioners aspire to the lofty language of moral sentiment, and mix ethics with their arguments. Thus the tradesmen and manufacturers of the little town of Cockermouth have been incited by their disinterested and virtuous indignation against monopoly to declare, in their petition,† that “the exclusive privileges of the East-India Company are a stigma upon the country, and upon the intelligence of the age in which we live !”

Manchester, which, about a month previous to the date of its petition,‡ had preferred another, protesting against the reduction of the duty on foreign silks, and urging a total prohibition of the importation of those articles, and which, at the very time of its presentation, was in open rebellion against the laws,
with

* Presented 11th May.

† Presented 12th May.

‡ Presented 12th May.

with a view of obstructing the operation of free-trade principles, is equally violent for a free trade with India, holding the restrictions thereon to be “unjustifiable by any plea of state necessity.” Bristol, which, like Liverpool, was once as strenuous an advocate of the justice and policy of the slave trade, as it now is of a free trade with India, has transmitted a petition* which deserves to be quoted. It begins by asserting that the *privilege* of trade and free intercourse with all friendly countries, and particularly such as form an integral part of our empire, is the *inherent right* of the British public: *rights* and *privileges* are therefore convertible terms. Then it alleges, that “the beneficial measures introduced into India by his Majesty’s Government (what they were it is not stated) form a striking contrast with the timid, vacillating, and tortuous policy of the East-India Company,”—whose liberal, enlightened, and benevolent system of government has been praised by almost every speaker in the House of Commons. The petition next states, that “long and calamitous experience has proved the incompetence of the Company to conduct their commercial, financial, or territorial affairs, with advantage to themselves, to our eastern empire, or to this kingdom.” The absurdity of this production is completed by the insertion of the following passage, which seems to be a resolution of some meeting, adopted by the blunderer who drew up the petition, without any change of phraseology.

That since unrestricted intercourse with the countries to the eastward of the Cape of Good Hope will, on the approaching

* Presented 12th May.

proaching expiration of the present charter, become *again* the *legal* as also the *natural* right of Englishmen, it is the interest and the imperative duty of all classes of his Majesty's subjects to adopt such measures, and to apply such collective and individual exertions, as will prevent a renewal of the Company's charter.

These few extracts will be sufficient to shew the ignorance, the confusion of ideas, the conflicting arguments, and the interested motives, of the petitioners to Parliament, who, intent only upon the "mine of wealth," never trouble themselves about the consistency of their theories, or the difficulties of the question. Let us now take a brief view of the arguments of Mr. Whitmore, in support of his motion for a select committee of inquiry into the subject of the East-India trade, on the 14th May, to which those petitions were auxiliary.

The speech of that gentleman has been praised for its moderation: but it is remarkable for the very narrow view which it takes of this great question; for the superficial manner in which the few topics it touches upon are discussed; and lastly, for the contempt which is displayed in it towards the arguments of the adverse party. "Groundless," "futile," "absurd," "ridiculous," and even "stupid," are the terms which, according to the reports in the newspapers, the hon. member applied to the objections of his antagonists. This compendious system of logic is employed with singular effect in a petition presented by the hon. member himself, *in favour* of restrictions of another kind,* from the place he represents (and we must presume

* February 29th, from the bailiffs, burgesses, and inhabitants of Bridgenorth.

presume he concurred in its sentiments since he did not state to the contrary), wherein it is asserted that “ a motion for the admission of Roman Catholics to a participation in the legislative power is, in itself, a *perfect anomaly*.”

The first and the favourite topic of Mr. Whitmore is the disapproval of the *ridiculous* suppositions of those who, in 1812, anticipated no material extension of our trade with India, because its natives could not, or would not, be large consumers of our manufactures. These anticipations, he says, are falsified by the result, which has shewn that the Hindus have been consumers of our manufactures, our cottons in particular, to an amount forty-fold greater than at that period. It would have been but common candour towards the eminent and experienced individuals by whom these anticipations were formed, had Mr. Whitmore pointed out the real causes which have enabled the English manufacturer to compete with labourers who work for 3d. per day. The witnesses, to whom Mr. Whitmore alludes, spoke with reference to the existing state of things, not being gifted with the spirit of prophecy. What they asserted, therefore, is not falsified by the result, any more than testimony, given fifty years ago, as to the probable time a vessel would occupy in sailing from port to port in India against the monsoon, would be falsified by the result of a voyage performed by a steam-vessel. The advocates of free trade themselves, upon that occasion, did not foresee the wonderful abridgment of manual labour which has taken place in our cotton-factories since the evidence alluded to was given ; they must be assumed to have maintained our ability to compete with the
Hindus

Hindus in their cotton fabrics as the manufacture then existed in this country, and according to the then price of labour. Had these two circumstances remained *in statu quo*, however, the ridicule would probably have rested on the contrary side.

As this prodigious extension of our export trade with India forms the basis of Mr. Whitmore's arguments, and is the theme of declamation in all the petitions, it may be necessary to say a word or two more upon this part of the subject.

No species of proof is more available for the purposes of deception than that which, at first sight, appears the least suspicious, namely, official accounts of trade. Assuming them to be perfectly honest, if taken apart from other considerations, they are often completely delusive. It was well observed in the House of Commons, on another occasion, by an able political economist (Mr. Attwood, one of the members for Callington), that two or three years back, whilst Ireland was in almost the lowest stage of commercial and agricultural distress, when the poor depended for subsistence upon subscriptions in this country, and every class talked of ruin, the official returns of exports were far greater than had ever been known before, or has been known since, and they might be appealed to hereafter as evidence of the country's prosperity at that crisis of general beggary. The solution of this apparent problem was very satisfactorily stated by the hon. member; the increased exports were, in fact, a proof of the distress, rather than the prosperity of the country. Just so here: if we apply ourselves to a candid investigation of the facts, there will be abundant reason to think that a large proportion

of our exports to India has not been either a cause or a consequence of commercial prosperity ; and that, with all the astonishing advantages we possess, our manufactures have introduced themselves into India chiefly by reason of their being offered there at less than the prime cost of production.

It will be objected, perhaps, that such an unnatural state of things could not endure long ; but such has been the condition of our trade and manufactures since the peace, which curtailed our foreign demand, whilst the improvements in machinery have been multiplying the means of production at home, that our manufacturers, overburdened with stock, became, of necessity, speculators ; fictitious capital supported their transactions, and gave a sort of voltaic motion long after vitality ceased. Hence we perceive in our newspapers, when the causes of some sudden convulsion in the commercial world are explained, (as in the recent case of Glasgow), exorbitant trading to India, and over-speculation in exports of cotton manufactures to that country, are mentioned as the chief.

Persons initiated in the nature and theory of trade, as it is *now* conducted, know perfectly well that they can never safely trust official returns of exports as criteria on this important question. Some of the large manufacturers in the northern counties, Lancashire in particular, have become merchants and exporters on their own account, not as heretofore, mere producers for those who export. This has been mainly the result of unavoidable necessity. When the stocks of these manufacturers increase to an inconvenient extent, for want of an effectual demand, they are impelled, as much by a feeling of humanity to-
wards

wards their artizans, as by mercantile policy, to seek a vent for them at a sacrifice which will release their stagnant capital. An unexceptionable corroboration of this remark appears in the Macclesfield petition* against the importation of foreign wrought silks : “ a manufacturer, or throwster, possessing mills and machinery, and having an establishment and connexion in business, will continue to prosecute his calling, until the losses he sustains by doing so become greater than the certain loss of allowing the former to stand idle and dilapidate, and of allowing the latter to find other channels of employment and supply ” Consignments are, therefore, made to India ; a discretionary power is vested in the consignee to dispose of the goods to the best advantage, with some hopes that the profit on the returns, with the low rate of homeward freight, will reimburse the loss. As the goods carried out by the free-traders, especially from Liverpool, have a rather soiled reputation, they are often sold for what is figuratively termed *a song*. Sometimes an American trader kindly relieves one of these manufacturers, by taking the Pelion from the Ossa, in exchange for bills, which may or may not be paid ; and the American carries the goods to China, where they are bartered for refuse tea, for the French or Flemish *cafés*. All these transactions are recorded in our custom-house books, are commented upon in our newspapers, and are proclaimed by our Humes and Whitmores in Parliament, as healthy indications of prosperity ; whereas the suffering manufacturer knows better, although he makes no boast of his knowledge, but meditates upon the mortifying reality in silence.

Upon this point the Macclesfield petition is again a useful authority : we are pleased to find these petitioners sometimes boldly speaking sense, though in contradiction to each other. “ The petitioners are astonished to find,” it says, “ that men can be found filling high official situations in this trading and enlightened country, who quote *quantity done* as proof of prosperity : if that were correct, men in extensive business would never fail. The most paltry tradesman in the kingdom knows, *it is additional value given which constitutes prosperity.*”

For proof of the deteriorated prices of Europe goods in the East, it is only necessary to look at the trade reports from China and India. A *Canton Register* of February 25, 1828, contains a commercial report, wherein occurs the following statement :

Europe Goods.—Of these the imports have been very abundant. The supplies by direct and American ships have been in such quantity, that not an article of British manufacture can be named that would realize within ten per cent. of prime cost.

Again ; a late *Price Current* from Calcutta* contains the following passage :

Europe Goods.—A large stock of every description pressing on the market ; hosiery, millinery, muslins, at a discount of from five to twenty per cent. below prime cost.

Again ; a Madras *Price Current*† says :

Europe Goods of all descriptions generally heavy, and the market over-stocked.

The

* Dated February 19th, 1829.

† Dated January 2d, 1829.

The report respecting the trade of Bombay, published in a Bombay paper,* is worth extracting at length, as a convincing proof of the madness of our speculators, and as an example of what the ports of India generally would become in the millennium of unrestricted trade :

The almost unprecedented low rate of freight at present from this port to England, and the extraordinary depreciation in value of every description of Europe goods during the last twelve or fourteen months, have led us to inquire into the causes of this state of things --this curious era in the history of Indian commerce. The result of our inquiry is this : We find with respect to the state of freight, that from the 1st of August last to the 28th ult. forty-eight ships have cleared from this port for England, the tonnage amounting to about 19,861 tons ; in addition to which there are vessels here under engagement to leave before the 1st prox. of 1,100 tons burden, making the total carrying trade from this port to England, for the last twelve months, the enormous number of 20,961 tons ! We also find, on inspection of the export manifests, that of the principal bulky articles of export from this, seven-eighths of the cargoes consisted of cotton : thus leaving 18,341 tons of shipping to be employed exclusively in carrying that article to Europe, which, according to the customary rate of measurement, would amount to 73,364 bales ! We have now before us a circular from one of the first cotton brokers in Liverpool, shewing that the gross average import of the above article from Bombay, Madras, and Bourbon, for the years 1825, 1826, and 1827 (one of which was a year of excessive import), amounted to 66,117 bales ; so that it appears that speculators in shipping have sent out to *this port alone*, 1,812 tons more than, from a fair average, we may consider the *whole tonnage* likely to be required

* The *Bombay Courier* of July 5, 1828.

required to take that staple to Europe for *one year in all the ports eastward of the Cape of Good Hope!* Under these circumstances, it is rather matter of surprise that a single bale of goods should be now left in the port waiting for conveyance to England, than that freight should be only a few shillings per ton.

If the above did not speak for itself, it would be thought impossible that any body of speculators or ship-owners could commit so grand a mistake as to send such a surplus above the demand, and that to a port where there is, for some months in the twelve, a fleet of large country ships ready to be thrown into the market, should freight rise considerably; and this in face of a falling market for the article itself.

In addition to these published statements, proclaimed to all the world, the following particulars may be added from a recent MS. Price Current from a respectable house at Calcutta :

Cotton-yarn.—The losses that will be occasioned by importing this article, give it a leading feature in the description of our present market, for all cotton goods from Great Britain. The importations from the commencement of the year to the present time have been considerable, and amount to more than £135,000: of this quantity more than one-third was imported in June, and many ships are now in the river having extensive invoices on board. We have now to add, that it is likely the price of British piece goods will decline, from the natives using British twist in producing goods of the same description as imported.

Cambrics.—Cambrics 6-4ths 12 yards, have sold at an average of 5s. 4d. per piece: the invoice rate 7s. to 10s. 2d.

Glass-ware and earthenware.—The market over-stocked, and only disposable at low rates, by auction or retail: no wholesale demand whatever.

Iron.

Iron.—The market is completely over-stocked, and the reduced rates quoted can be with difficulty procured.

A London paper* contains the following exposure of the machinery by which this vicious system of exorbitant trade is managed : it will enlighten the uninitiated.

The trade to British India has been open to the public since 1814; and we venture to assert, that there never was a trade embarked in by any body of men which has proved more injurious to the manufacturing interests of this country. It has ended in almost general bankruptcy. It has beggared nine out of every ten persons who have engaged in it. It has lost to Glasgow alone upwards of a million of money. It has encouraged rash, calamitous, and we might add, nefarious speculation ; and it has taken from the profits of our labour that portion of them which should have accumulated to form the capital required to invigorate fresh exertions. These are the results of this boasted trade. If they be questioned, we shall prove their truth by appealing to the books of every merchant who has for the last ten years exported manufactures to India. We appeal to the books of the ship-owner who has been sailing his vessels at his own expense, and bringing to England cargoes, as the returns of adventures, which have in many instances sold at a loss of seventy-five per cent. on the value of the goods exported. Call in the bankers of Glasgow, and they will confirm what we state. Ask the ship-owner if freights reduced to twenty shillings per ton can pay the price of the salt consumed by his sailors on their homeward voyage. But such are the results of that trade, that was to bring with it wealth to the merchant, and give encouragement to the artisan.

Who, then, it will naturally be asked, are the parties who have gained by this free trade to India, and who calculate upon

* The *Morning Journal* of May 15.

upon gaining more by its further extension? That some persons have gained by it we are bound to admit; but who are they? We shall explain. There are in London, Liverpool, and one or two other places, certain overgrown and affluent houses, who are to the manufacturers of this country what the middlemen are to the poor farmers of Ireland. They are familiarly called *commission-agents*—men to whom the merchant consigns his goods for exportation to India. The system which these agents pursue is one that cannot be too loudly condemned. It is attended with the most ruinous consequences. It directly encourages speculation, and leads to bankruptcy. It is profitable to the agent; but it is ruinous to the merchant, and extremely injurious to the manufacturer. They receive, for example, from a merchant in Manchester or Glasgow a quantity of goods, the invoice price of which is £5,000. On this consignment these agents will instantly advance £2,500. They advance this, *by bill*, the moment the goods are received in their warehouse, preparatory to their being shipped to India. Their credit being unexceptionable, this bill is speedily converted into money. With this money, and more extended credit, the merchant is enabled to purchase a still larger quantity of goods. His next consignment is to the amount of £20,000. For this he is promptly advanced, *by bill* also, £10,000. He thus goes on with his purchases, and has no difficulty in being a few hundred thousand pounds in debt, even before the goods of the first consignment have reached the India market. The consequence is, he inundates it, his goods sell at a tremendous loss, and he subsequently becomes an insolvent, owing thousands of pounds for every penny he ever was worth in the world. This has been the case with almost all the merchants connected with India whose names have appeared in the *Gazette* within the last few years. The manufacturer has been the sufferer; the country, generally, has borne the loss; but the agent, nevertheless, has been enriched. He
disposed

disposed of his consignments as quickly as possible, and at any price, provided it only covered the amount of his advance. These are the only individuals who have reaped any benefit from the free trade to India, and they have reaped this benefit at the expense of all the other interests of their country.

But admitting, it may be said, that much of the apparent augmentation of the trade to India, since the last renewal of the charter, is fictitious, has it not increased to a considerable extent? Doubtless it has: the whole trade of the country has increased; the amount of British shipping, entering inwards and outwards, was in 1814, 2,562,236 tons; in 1828, 4,100,664 tons. Our eastern trade increased with the rest; it had been increasing for many years prior to 1813, in spite of the assertions made to the contrary. It is one of the artifices and uncandid proceedings adopted by the adversaries of the East-India Company, to cull items, and institute comparisons, which do not show the real state of the facts. It is part of Mr. Whitmore's case, that whilst the trade was confined to the Company, it was stationary or deteriorating. What are the facts? Mr. Milburn, a writer upon whom Mr. Whitmore confidently relies, gives the following statement* of the Company's exports (exclusive of bullion) and imports for 102 years, from 1708-9 to 1809-10, founded, as all his statements are, upon official documents, uniform in their rates of valuation:

* *Oriental Commerce*, vol. i. p. xcii.

Merchandize exported from England.

Periods.	£.	Average. £.
26 Years, 1708-9 to 1733-4 ...	3,064,774	117,876
32 ——— 1734-5 — 1765-6 ...	8,434,769	263,586
27 ——— 1766-7 — 1792-3 ...	16,454,016	609,408
17 ——— 1793-4 — 1809-10...	31,060,752	1,827,103

Merchandize imported into England.

Periods.	£.	Average. £.
26 Years, 1708-9 to 1733-4 ...	33,571,709	1,291,219
32 ——— 1734-5 — 1765-6 ...	64,452,377	2,014,136
27 ——— 1766-7 — 1792-3 ...	101,383,792	3,754,955
17 ——— 1793-4 — 1809-10...	102,737,954	6,013,409

Mr. Milburn adds, that in the last ten years, the Company's exports amounted to £21,413,807, or upon an average £2,141,380 per annum, "whereof," he says, "more than one-half consisted of the staple manufacture of the country, woollens." Thus, in the interval between the first and second periods, the exports had increased 124 per cent. ; between the second and third periods they made a further advance upon the former increase of 131 per cent. ; and in the interval between the third and last (the shortest) period, there was a further increase upon the last of 200 per cent. !

The

The imports increased nearly in a geometrical ratio in each interval ! Where did Mr. Whitmore obtain his figures, which represent the Company's exports as gradually diminishing in amount ? Mr. Milburn's accounts are all official, and have borne the test of scrutiny. Mr. Milburn is Mr. Whitmore's own authority ; and if that authority be correct, as we sincerely believe it is, we have not only to charge Mr. Whitmore with committing a very important and fundamental error, but are entitled to retort his argument, and tell him that, according to his principle, the country has been a loser by the free trade, which has not increased the exports to India from this country, notwithstanding our astonishing improvements, in the same ratio as they augmented antecedently to the opening of the trade.

Another observation may be made on this part of the subject : the cause of the augmentation in the exports of cotton manufactures, which constitute, in fact, a new article of export, unknown to the trade in former times, has been satisfactorily explained. Let us, by way of experiment, subtract the amount of British cottons (including twist and yarn, a very equivocal species of *manufacture*)* from the aggregate amount of the exports last year (the largest on record), and then compare the amount with the Company's exports in former times, *viz.*

* We should have a good deal to say upon the policy of encouraging a demand for this species of manufacture (which is calculated to interfere with the sale of finished goods) if it were necessary.

Total exports to the East-Indies and China in the year ending 5th January 1829.....	£. 5,212,353
Deduct Cotton manufactures... £1,656,755	
Twist and Yarn 393,135	
	2,049,890
Deduct Company's exports	3,162,463 1,098,810
Free trade, exclusive of Cottons ...	2,063,653

So that, but for the introduction of a *new article*, which no person, at the period when the charter was renewed, had in contemplation, the free-traders would have exported £2,063,653 worth of British and foreign goods last year, which is less than the amount of goods exported from England by the Company in any year between 1802 and 1810 !

To be sure, the arguments employed against the Company are so flexible and versatile, that they meet us on every side. If the commerce with India can be made out to have increased, in a surprising ratio, since the admission of free-traders, that is an argument against the renewal of the charter, because it shews what free trade can do ; if the commerce has not increased in its former ratio, this has been owing to the remaining restrictions of the charter, which therefore ought not to be renewed.

But the picture is not complete unless we look at the imports, which are the profitable exchanges for the commodities exported. In the foregoing table, given from Mr. Milburn's work, the imports of the Company had increased from one million to two millions, from that to nearly four millions, from that
to

to six millions. Notwithstanding their trade with their own territories has been relinquished by them to the free-traders, the amount of their imports has scarcely diminished. In 1827 it was £6,148,077; in 1828, £5,576,905. On the other hand, the private-traders' imports, Mr. Whitmore admits, have increased since the charter only about a million of official value. This speaks volumes! Such a species of trade might be carried on with the island of Ascension

But it must not be concealed that a reason is assigned for the unprosperous condition of this branch of the commerce. The cause which has arrested the improvement in the import trade, Mr. Whitmore traces to the prohibition against Europeans settling in India; colonization, according to his theory, is essentially and absolutely necessary to the prosperity of the import trade. Independent of this motive, the settlement of Europeans in India is represented by him as eminently conducive to the "happiness of the natives;" the opposite opinion he pronounces a "down-right absurdity." It is superfluous to add to what has already been urged, and never disproved, in regard to the dangers which experience as well as theory demonstrates to be attendant on the unrestricted resort of Europeans to India: no disinterested and unbiassed person, who knows what the natives of India are, will heed the vague declamation, which represents colonization and free settlement in India as the indispensable instruments of ameliorating the Hindus. A free resort of Europeans to India would, indeed, be extremely convenient to traders, and facilitate greatly their transac-
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tions with that country,—so long as it continues ours. So far the argument of Mr. Whitmore is plausible enough. But he keeps almost wholly out of sight, very unfairly, the consideration which suggested this restriction. He, indeed, distinctly asserts, that it was devised to secure to the Company their monopoly; whereas its sole object was to secure to the country its splendid eastern empire. The restraint is for political, not commercial purposes; and to say that it is embarrassing to trade, is to say no more than might be predicated of custom-houses, and king's duties, and revenue laws, the absence of which would afford a much freer scope to the energies of commercial enterprize. To institute a comparison, as Mr. Whitmore has pretended to do, between our Indian possessions and the colonies of ancient Rome and modern Russia, and to contrast their policy with ours respecting India, is (to use his own mode of argument) perfectly puerile, and, after all, is a mere plagiary committed on a certain pamphlet, whence many of his allegations are derived. Not only are the cases altogether dissimilar, but there is no example in the history of the world which exhibits any parallel or analogy to India's connection with England. It is this fact which embarrasses all our efforts. We can derive no aid from precedent, no instruction from the success or the failure of any former experiment; and every step we take is *per ignes suppositos cineri doloso*.

It is not worth while to examine the minor allegations of Mr. Whitmore in regard to the India trade, all of which are more or less distinguished by exaggeration and distortion. Let us proceed to consider his observations upon the China trade.

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The honourable member sets out with stating, that the export trade of the Company to China has gradually declined since 1801. Here again it is to be regretted that he has not afforded us some clue to the authorities for his figures. The official accounts,* laid before Parliament this session and the last (upon the motion of Mr. Whitmore himself), contain the following statement of the East-India Company's exports from England to China :

Year ending 5th January 1821	£708,017
————— 1825	612,139
————— 1826	714,858
————— 1827	852,030
————— 1828	493,815
————— 1829	863,494

How a statement, which represents the exports of the last year as the largest of the series, is evidence of a progressive decline, it is not very easy to comprehend. Mr. Whitmore, through inadvertence, we are bound to presume, probably adopted the figures in some pamphlet, instead of those in the parliamentary returns which he had asked for. Yet he is not in the habit of so doing when those returns are accidentally favourable to his theory. But what do accounts of the Company's exports from England prove to the point at issue? A large, sometimes the largest, portion of their exports to China, is made from India; and the free-traders would act in the same manner if it was more beneficial for them to do so.

In order to disprove the asserted difficulties and embarrassments of trading with the Chinese, Mr.

Whitmore

* Ordered by the House of Commons to be printed, 10th and 17th June 1828, and 28th April 1829.

Whitmore quoted Milburn, whom he described as "a person of deep research and great accuracy of information," as declaring that there was no country with which trade could be so easily carried on as China! Now the writer has looked diligently through Milburn's valuable work without being able to discover any such passage, or any passage at all like this declaration, which would be, indeed, a curiosity, seeing that that author has, in several places, expatiated upon the peculiar difficulties which beset trade in China. He says,* that "the commerce of Europeans with China has always been exposed to oppression and insult;" he speaks of the "grievances which Europeans suffered there," and of "the immense property at the mercy of the Chinese." The writer of this happens to know, from the late Mr. Milburn's own oral observations, that he could not have entertained the opinion ascribed to him; and he has no doubt that Mr. Whitmore has read the passage he refers to in a pretended quotation from Milburn's work, in a letter from an American at Canton, which appeared in a London paper a few months back, wherein the writer falsified the language of Milburn as successfully as the author of the Liverpool East-India Association's Report did that of Acts of Parliament. But why go to Milburn, when the fact is so clear? Let Mr. Whitmore, or those who instruct him, produce, if they can, one credible witness to the fact he has stated; and, in the absence of adverse proof, let them read the edicts issued by the Chinese authorities upon every attempt to extend trade, or free it from burthensome regulations;

* Oriental Commerce, vol. ii. p. 170.

tions; and then say whether they evince a desire to encourage foreign trade in China. The superior officers of the government can find no civiler epithet to apply to a foreign trader than *barbarian*; they threaten merchants, who complain of being defrauded, with fetters; they laugh at the idea of commerce being a reciprocal benefit: the code of China, in short, is altogether anti-commercial. A recent *Canton Register* observes: "The spirit of the section respecting 'illicit exportation of merchandize,' is that all foreign nations are enemies to China; that she allows no free or friendly intercourse; that she wishes to keep her affairs a secret from foreigners; and that all who trade with foreigners, except such as are licensed by government, are traitors." Could any fact be more at variance with Mr. Whitmore's assertions, and more destructive of his theory, than the statement of Sir Charles Forbes, namely, that an individual had freighted a ship from India expressly to force a trade with the natives in other ports than Canton; that he not only failed to effect his object, but could not procure even provisions by barter, and was obliged to purchase them with hard dollars? * What is to be thought of such a specimen of misrepresentation, in such a place, and on so material a point?

But it is said, we pay so high for tea, in comparison with the continent of Europe and America, that we must be defrauded by the Company. Mr. Whitmore tells us, that about three millions sterling is

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* The extracts from the Company's records, laid before Parliament some years back, and published, are full of the same evidence; but all these sources of knowledge are studiously avoided by our anti-monopolist illuminators.

taken out of the pockets of the people, in the single article of tea, to support the monopoly of the East-India Company. This part of the question affords scope for many mis-statements. In the petition from the merchants, bankers, manufacturers, and other inhabitants of Glasgow,* it is asserted, that “the consequence of the Company’s exclusive privileges has been, to enable the said Company for many years to dispose of tea at double the prices at which a *similar quality* can be had at any of the continental ports of Europe, or of the United States of America, whose subjects enjoy free intercourse with China, *independently altogether of the duties paid to Government.*” This audacious mis-statement shews that petitioners to Parliament assume to themselves a perfect impunity of allegation. It is almost superfluous to enter into a serious refutation of an assertion, which would make teas cheaper in Europe and America than at Canton. Perhaps it might be a reliance upon this Glasgow petition which encouraged Mr. Hume to declare, that a free trade to China would enable the importers of tea to sell it cheaper than they bought it : how this end was to be compassed, and how the Legislature could adopt such an artificial or fraudulent transaction as a basis for its judgment and decision, the sagacious administrator of the Greek loan omitted to state.

In order, however, to demonstrate the little regard paid to facts on the part of the anti-monopolists, we lay before the reader the following statement of the wholesale market prices of teas at New York, extracted

* Presented 14th May.

tracted from the last *New York Price Current*, dated April 22, 1829, viz.

TEAS.	Prices (including Duty).		Duty.
	Dr. C.	Dr. C.	Dr. C.
Gunpowderper lb.	1 0	to 1 25	0 50
Hyson	0 80	— 1 10	0 40
Young Hyson	0 73	— 1 10	0 40
Hyson Skin	0 48	— 0 75	0 28
Souchong	0 52	— 0 75	0 25
Bohea	0 27	— 0 28	0 12

Now, converting these prices into sterling, at the sterling rate of value of the American dollar, namely 4s. 6d., and comparing them with the English prices of tea (in bond) as given in the *London Price-Currents*, the result is as follows :

TEAS.	Average American Prices.		Average London Prices.	
	s.	d.	s.	d.
Gunpowder.....per lb.	5	0 $\frac{3}{4}$	5	1
Hyson	4	3	4	9
Young Hyson	4	1 $\frac{1}{2}$	4	0
Hyson Skin	2	9 $\frac{1}{4}$	2	7 $\frac{1}{2}$
Souchong (and Congou*)...	2	10 $\frac{1}{4}$	2	10 $\frac{1}{2}$
Bohea.....	1	2 $\frac{3}{4}$	1	9 $\frac{1}{2}$

* The American souchong is nearly all congou: the London average takes in both.

It thus appears that, taking the qualities of the teas to be the same, which is notoriously not the fact, out of the six sorts (all that are enumerated in the American list, except what is called imperial tea, which is not named in the London list), two are lower in London than in America, and in two the difference is only a farthing a pound. Yet the merchants, bankers, manufacturers, and inhabitants of Glasgow, have the face to tell the Parliament of England, that the Americans sell teas in their own country and on the continent of Europe at half the prices at which the Company dispose of theirs, “*independently altogether of the duties paid to Government :*” that is, according to the obvious interpretation of the language, the American and continental consumers of tea pay only half the price at which the Company sell their teas in bond !

But if the qualities of the two teas could be compared, the result would be still more discomfiting to these petitioners. Although it is impracticable to procure any decisive data for this purpose, we can at least approximate to a comparison of qualities, by means of a table given in an American *Price Current*, of the prices of teas at New York, and at the respective ports of Halifax, Quebec, and Montreal, in British America, which is supplied by the East-India Company with teas of similar qualities to those imported into the United States. The table is as follows :

TEAS.	Prices at New York, 26 May 1897.		Prices at Halifax, 18 June 1897.		Prices at Quebec, 5 May 1897.		Prices at Montreal, 19 May 1897.	
	s.	d.	s.	d.	s.	d.	s.	d.
Hysonper lb.	4	6 to 6	2	4 0 $\frac{1}{4}$ to 4	3 $\frac{1}{4}$	4	6 $\frac{1}{2}$ to 4	7 $\frac{1}{2}$ to 4
Young Hyson.....	3	11 $\frac{1}{4}$ — 4	10 $\frac{3}{4}$	2	0 $\frac{1}{2}$ — 2	7 $\frac{1}{2}$	3	11 $\frac{3}{4}$ — 4
Hyson Skin	2	3 — 3	8	2	5 $\frac{3}{4}$ — 3	4 $\frac{1}{4}$	2	4 $\frac{1}{2}$ — —
Souchong	2	4 $\frac{1}{2}$ — 3	0	2	3 — —	—	2	3 $\frac{3}{4}$ — 2
Twankay.....	3	1 $\frac{1}{4}$ — 3	3 $\frac{1}{2}$	—	—	—	2	7 $\frac{1}{2}$ — 2
								9 $\frac{1}{4}$

This table shews two very important facts; first, that the East-India Company could furnish those sorts of cheap tea, which the Americans buy, at lower prices; and secondly, that the qualities of tea differ so materially, that to compare *prices* without reference to *qualities* is absurd.

That the Americans buy the teas refused by the East-India Company's inspectors is sufficiently notorious; that the American cargoes are "infinitely inferior" to the Company's cargoes, is a fact deposed to by impartial witnesses before a Parliamentary Committee. These facts are even asserted by the Americans themselves, and alleged by them as proofs of

the injustice of the Company ! In the letter from Canton, to which reference has been already made, which appeared in the American papers, and was republished in this country for the sake of vilifying the East-India Company (though a moment's consideration might have discovered that the accusation was a proof of the Company's desire to protect British interests), the writer distinctly contends that the inability of the Americans to purchase the best tea the market affords is attributable to the Company's influence. He, moreover, charges the Company with cruelty to the grower of tea, in forcing him to accept a lower price for it than he could get from the Americans. His words are these : " Acting on the principle of fair competition, the Americans contend for the right of purchasing the best the market affords, and pay in proportion to the demand. The English rule is the reverse of this, and long-established prices are paid for the several grades of teas, and the decision of their tea-inspector regulates the grade to which each chop or parcel belongs. From this decision there is no appeal, and the merchant who sends his sample to the inspector, must abide by his dictation : although the American merchant would give him an advanced price for it, he is compelled to give it to the Company." Here, then, we have the two facts, of the inferiority of the American teas, and the depression of the prices of the British teas, attested by an American, who, naturally enough, regards both as evils to his nation.

Mr. Whitmore proceeds to aver, that the charter of 1813 placed this country in a worse situation with regard to tea than it stood in previously, by the abandonment

donment of a control which the Treasury possessed under the antecedent law of allowing the importation of tea by private persons, if the East-India Company did not keep the English market supplied with the commodity in sufficient quantity, and at prices sufficiently low. This averment, which, if true, affects not the Company, Mr. Whitmore has doubtless adopted from the report of the Liverpool East-India Association. That the whole is a deception (no doubt deliberately planned), in which the language of the statutes has been falsified, will be apparent to any reader who chooses to examine the act, 18 Geo. II. Mr. Whitmore says, as the reporter said before him, that the law made it obligatory upon the Company to supply the country with a certain quantity of tea at a certain price, otherwise an authority was to be given to private merchants to import the same. The Commutation Act says: "The East-India Company shall, from time to time, send orders for the purchase of such quantities of tea as, being added to the stock in their warehouses, and to the quantities ordered and not arrived, shall amount to a sufficient supply for the keeping a stock at least equal to one year's consumption, *according to the sales of the last preceding year*, always beforehand." This regulation they invariably comply with; and the candid reader must at once perceive, that the loss of interest upon this immense sum of stagnant capital, is of itself a severe tax upon the Company.* The authority given by the preceding statute to the Treasury, to allow individuals to import tea

* Mr. Huskisson was so *ill-informed* as to make this compliance with the law a matter of charge against the Company. See Debate on the 12th May.

tea from *Europe only*, was devised to obviate a temporary evil, arising from the existing system of smuggling through the medium of the Danish and Swedish Companies, the chief part of whose imports, to the computed amount of about *eight millions of pounds*, was clandestinely introduced into this country, to the prejudice of the revenue. When the duty on tea was reduced, this authority was vested in the Treasury, in order that a legal mode might be provided of introducing into this country the mass of tea collected on the Continent for the irregular supply of the English market. With respect to the phrase “reasonable prices,” at which the Company were bound to supply the tea, the sense of the phrase is ascertained by the law itself, which specifies the exact prices at which the different sorts of tea are to be put up to sale; and the only departure from the directions of the act which the East-India Company have been guilty of, is the *reducing* the advance on some of the qualities. They have strictly complied with the law in respect to the quantity they are required to import, and the prices at which the tea shall be offered: unless it be contended that the Company are bound by law to calculate the quantity of tea which each individual in the empire could consume, according to the latest census, and to import to that extent; and that they are prohibited from taking any bidding at their sales beyond a certain mark, which would probably occasion some detriment to the public revenue.

We shall only remark further on Mr. Whitmore's speech, that he has treated the question entirely as one of a commercial character, not looking to the
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East-India Company as a peculiar engine for the government of a mighty territory. It is neither fair nor just thus to argue the question. The vast assistance which the territorial finances of India have derived from the Company's commerce ought not to be forgotten. Since 1814, the sum of five millions sterling has been set apart from the commercial profits towards the liquidation of the Indian territorial debt. Again: whatsoever opinion may be entertained of the commercial policy of the Company, as rulers of India they stand in the fairest light. Mr. Whitmore thought proper not to weaken his invective by any compliment to the existing Government of India; but there was scarcely another opponent of the Company, on that occasion, who displayed so much stoicism. Mr. Baring prognosticated, that when the question should fairly come before that house and the country, full justice would be done to their liberal and enlightened system of administration, which would, he observed, bear a comparison with that of any other government; and Sir Charles Forbes remarked, that it was a matter of congratulation to the natives of India, that they were under the Company's government rather than the King's.

Whilst on this point, it may be proper to notice the confusion which seems to prevail with regard to the object which is sought by the antagonists of the Company. It is impossible not to have understood the object of those who seek to prevail upon the Legislature to refuse a renewal of the Company's charter to be this, namely, that they should be divested of all their present power and authority, save the right of trading as a corporation, of which they

cannot be deprived. The immediate possession and the government of the British territories in India constitute the most important ingredient in that complex idea which is expressed by the phrase "chartered rights of the Company." But it seems that this part of the subject has been greatly misconceived. A powerful writer in one of our journals, which has great weight upon public opinion, and which it is, therefore, painful to see so easily influenced by party writers, whose gratuitous assertions it adopts without inquiry, and whose fabrications it mistakes for facts, has made the following declaration. After having, on many former occasions, argued, apparently at least, in favour of the total abrogation of the East-India Company, not merely in its commercial but in its political character, the same writer subsequently promulgated the following sentiments :*

It is a mistake, whether real or pretended, in the advocates for a continuance of the East-India monopoly, to assume that the great towns of England, and the merchants generally, have any desire to wrest from the Company the sovereignty of its empire in the East. Upon the face of the subject, we believe that most prudent men would agree in the probable danger to the independence of Parliament which might threaten us, were the patronage of India, civil, military, and mixed, to be transferred from the Company to the King's ministers. As against the country, we should, with our present opinions, consider such a change not a little perilous, whatever might be its consequences as a question, like that of Mr. Fox's India Bill, between the minister and the Crown itself. The dissatisfaction, however, at the operation of the existing charter, has a totally different origin. The deputies from Liverpool, Bristol, Glasgow, Leeds,

* The *Times*, May 16.

Leeds, Calcutta, &c. &c., have never broached an inquiry, or expressed a wish, in relation to the political government of India. Their sole purpose is to break up the commercial monopoly, and to enjoy a free and wholesome trade, as well with the Company's—or rather, constitutionally speaking, King's—dominions there, as with those of the Emperor of China, from which they are, by a monstrous intrusion of monopolizing jealousy and cupidity, interdicted; while the citizens of the United States, and the subjects of every power on earth, save England, have an unshackled privilege of visiting Canton as merchants; and many of them have for years carried on a prosperous and growing commerce.

Indeed! Have none of the great towns expressed a wish in relation to the political government of India? What, then, is meant to be conveyed by the language quoted from the Bristol petition, that “the beneficial measures introduced by his Majesty's government form a striking contrast with the timid, vacillating, and tortuous policy of the East-India Company;” and that “long and calamitous experience has proved the incompetence of the Company to conduct their commercial, financial, or territorial affairs, with advantage to themselves, to our Eastern empire, and to this kingdom?” What is meant by those who represent that the abrogation of the Company's charter would tend to diffuse Christianity, knowledge, liberal principles, &c. throughout India? The plain meaning is, that the Company's authority should be superseded by the King's, and it is in that sense understood by those members of Parliament who contrast the King's colonial governments with the Company's. Nay, it is impossible to reconcile the sentiments expressed in reference to this question by the

same writer, only the day preceding,* with a desire to see the government of India continue in the same hands as at present. He then spoke of barbarism in the political system of our government, in affording protection to the Company; he asserted that the regions, vulgarly called the Company's, are falsely so called, since they belong specifically to the King; that the Company exercise despotic power over one hundred millions of Hindus and Mahomedans, whose independence they have crushed; that the native race is impoverished by the system of severe exaction which constitutes the elements of the Company's revenue; and that "there is no hope of amelioration for that wretched people, but from the infusion of some better materials into the country than those which have been progressively declining in value and capability under the present management."

Are we to be impudently charged with having committed a wilful mistake, when we inferred from these, and numberless other assertions still plainer, that the total extinction of the Company was sought for? Now, however, it appears that, incompetent as are the Company as a governing power, deplorable as is the condition of the wretched Hindus under their despotic rule, it is a mistake, a wilful mistake, to suppose that there is any wish to wrest from them their empire in the East!

We are then to conclude that the object of our anti-monopolists and pseudo-philanthropists is merely to divest the Company of their commercial character, leaving to them the easy task of ruling India, without the ability to draw a sufficient re-

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* *The Times*, May 15.

venue from it for the purposes of government; cramped in their power of originating good, threatened with dangers of various kinds by the intrusion of strangers of all countries, and with any object they please; subject to the odium attending public measures, which will be prejudged to their disadvantage by the existing presumption of their incompetence to govern; and saddled with all the responsibility and expense of maintaining a system of complicated relations, more extensive and difficult than ever fell to the lot of any government whatsoever? Would this be any thing else than an insidious method of working their total overthrow?

Nothing more is asked, and it is not too much to ask, on the part of "the corporate body to whom England owes almost entirely the splendid acquisition of its Indian territories,"* that the question, which involves their existence, as well as the interests of Britain and Hindustan, should be decided not by passion and party rancour, but after mature inquiry and patient deliberation. Rash experimentalists, seeking their own individual ends, may undervalue the consequences of precipitancy; but when reflecting men consider that the system which is sought to be overturned has, by the solemn judgment of a parliamentary committee, been commended in strong terms, as shewing an anxiety to promote the confidence and conciliate the feelings of the natives of India, by shielding every class under the safeguard of equal law;† when they recollect that Mr. Pitt ‡ declared

* Judgment of Sir C. Grey, Chief Justice of the King's Court at Calcutta, December 3, 1828.

† Fifth Report, 1812.

‡ Speech in the House of Commons, 6th July

clared that experience had demonstrated, in the case of the East-India Company, the fallacy of the theory that commercial bodies could not govern empires; that Mr. Canning* said of their administration, that it had disproved the common adage, that little wisdom was required for governing mankind; that Lord Castlereagh † asserted, that the Company had raised and preserved an empire unprecedented in the history of the world, and that there never was a milder government, nor one by which the happiness of a people was more consulted; that Mr. Peel has spoken, recently, ‡ of India as an empire which has been raised to the highest pitch of honour and glory by conquest and good government, and where the fate of its inhabitants has been so much advanced; they will surely pause. They will bear in mind, too, that the late Lord Melville (and no statesman was ever better informed upon Indian topics) has left upon record his opinion as follows :

“ The monopoly of the East-India Company is essentially requisite for the security of every important interest connected with our Indian empire; and so deeply am I impressed with the truth of that proposition, that I am prepared explicitly to declare that, although the first formation of an East-India Company proceeded upon purely commercial considerations, the magnitude and importance to which the East-India Company has progressively advanced is now so interwoven with the political interests of the empire, as to create upon my mind a firm conviction,

* Speeches of Mr. Canning, vol. vi. p. 426.

† Speech in the House of Commons, 22d March 1813.

‡ Dinner to Lord Ellenborough, 12th Nov. 1828.

tion, that the maintenance of the monopoly of the East-India Company is even more important to the political interests of the state, than it is to the commercial interests of the East-India Company.”*

* Supp. to Fourth Report, p. 30.

SINCE the foregoing observations on the debate of the 14th May were written, there has been laid before Parliament, by his Majesty's command, and printed, a volume of official documents,* which diffuse much additional light upon the various questions at issue between the East-India Company and their assailants.

These papers are divisible into two classes, namely, those which relate to the trade with the East-Indies and China, and those which are connected with the supply of tea to the European continent. In availing himself of the important facts disclosed in the papers of the first class, the writer will endeavour, though with some difficulty, to avoid retracing his steps; in considering the latter portion of the papers, he is not likely to incur the guilt of repetition, for they place that part of the subject in an aspect entirely new.

It is to be presumed that the foregoing statements have made it sufficiently apparent, that the manner in which this great question,—pregnant with consequences not obvious to ordinary minds,—was brought before the Legislature, by the petitioners and their advocates against the renewal of the East-India Company's charter, displayed a remarkable absence of fairness and candour, we might say, of truth. It has been showed that the augmentation of our exports to India since 1813,

* Papers relating to the Trade with India and China, &c. Ordered to be printed 14th June

1813, which forms the fundamental argument of the petitioners, proceeded, in a great measure, from causes independent of the opening of the trade, to which it is vulgarly ascribed ; that a great part of the increase referred to is attributable to an exorbitant passion for speculation, or to desperate efforts on the part of our manufacturers to relieve themselves from difficulties occasioned by the increased ratio of production in this country, and the diminution of foreign demand since the peace. A satisfactory statement was added, showing that, with all the impulses, natural and artificial, which the trade between this country and India has experienced, and notwithstanding a profuse waste of capital which has ruined thousands, that trade has not increased since 1813 in an equal ratio with its augmentation prior to the admission of the free traders.

A material fact, however, in this question, and to which the writer did not advert, though it corroborates his remarks on the fallacy of official returns of trade, is shewn in these papers, namely, the depression of the prices of commodities subsequent to the admission of free traders and Americans into the eastern markets, which creates a discordancy, in the accounts of values of exports and imports, at different periods, destructive of all theories deduced from such sources alone. The extent of this depreciation may be seen in the following table, which is constructed from the papers referred to.

British Goods.	Prices in 1813.			Prices in 1828.		
	£.	s.	d.	£.	s.	d.
Superfine Spanish stripe cloth	26	9	11	11	0	2
Super cloth.....	18	0	0	8	17	3
Worster cloth.....	19	13	4	11	2	11
Long ells	2	7	2	1	13	11
Double camlets	9	4	4	7	3	10
Single camlets	7	10	3	5	18	11
Second single camlets	6	7	6	5	1	0
6-4 Cambrics 12 yards	1	0	0	0	8	6
9-8 Shirting	0	1	2½	0	0	6
9-8 Cambric handkerchiefs, per doz.	0	12	9	0	6	0

The inference, fairly deducible from this statement, is, that we may have been assuming a diminution of the Company's trade, when there was really an increase; and this inference turns out to be the fact. In 1813-14 the Company shipped for China 6,123 superfine Spanish stripe cloths, the value of which was £162,238; in the current year, 1828-29, the number exported was just double, but their value was only £132,136. Again: in 1813-14, they exported 1,662 super cloths, value £29,916; in 1828-29, the number of these cloths exported to China was 3,000, their value £26,597 only. The reasoners upon trade returns would naturally argue, that there was a falling-off in the Company's exports to China, between the two periods, to the amount of the difference between the

the two aggregate sums; whereas the exports had nearly doubled! Public attention should be called to this fact, in order to suggest a caution against that implicit, imperturbable confidence in trade accounts, in which it is the prevailing fashion of the day to indulge.

The reduction in the prices of East-India cotton manufactures, since the improvements in England, is really astonishing. India longcloths, which, in 1813, sold for 44s. 8d. per piece, now sell for 14s. 2d. The price of baftaes, in 1813, was 11s. per piece; in 1828, 3s. 6d. would be the utmost that could be obtained. This prostration of the prices of native Indian manufactures, in connexion with the duties imposed upon them in England, and our avowed policy of making our own fabrics predominant in India (all the arguments of the petitioners pointing only to the increase of *raw materials*,* if colonization and other day-dreams are indulged), suggests a very serious consideration to those who are, what many profess to be, friends of our fellow subjects in Hindustan. If the Hindus are to be merely raisers of the raw material, if all the castes which subsist upon the labours of the loom are to be annihilated (for artizans cannot there be transmuted into cultivators, as in Europe), we seem to be intent upon a policy similar to that which Spain pursued towards the unhappy aborigines of America. The merchants of London, in their petition (13th April) against the existing duty upon Indian silks, state that “in many districts of India,

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* See this doctrine distinctly enunciated in the petition of the Committee of Silk-weavers, &c. (1st May) against a reduction of the duty on India wrought silks imported.

considerable distress has already been felt by the supersession of the native by British factories (fabrics)."

This is, in fact, the end, at which the advocates of free trade and universal resort to India seem covertly to aim. Their language, undisguisedly, is this: "give us free intercourse with the interior of India, and we will not only furnish all its inhabitants with whatever articles of consumption they require, but we will extend the supply of the raw materials, of which these articles are made, for the employment of British artizans at home." All this while, the condition of the millions of Hindus, male and female, who, if the silken and cotton fabrics of India were superseded, must starve, never once disturbs the placid serenity of their philanthropy; or if it does, they say "it would be inflicting *no great harm* on the weaver to *compel* him to become a cultivator."*

The successful competition of the British with the native fabrics, once so highly esteemed and admired, has not only ruined many native workmen, but is one of the secret causes which have swelled our imports of India cotton. The Company's imports of India piece goods, fifty years ago, amounted to 1,152,467 pieces; last year the entire importation of white piece goods from India was 203,927 pieces; of dyed cottons 231,616. The effect of this falling-off in the demand for the manufactures of India, and the increased competition of British cottons, is apparent in the price of raw cotton. In 1820-21, India cotton of the first quality sold at 280 rupees the candy of 7 cwt.

In

* See "A View of the present State and future Prospects of the Free-Trade and Colonization of India," p. 106.

In the two succeeding years it fell to exactly one-half. Its present price in India is 120 rupees, about 3½d. per lb. This depreciation led to ruinous importations of cotton from India, which depressed the market price at home; this depressed price operated as an encouragement to speculation on the part of manufacturers. In both cases, the diseased excrescence was mistaken for a symptom of health.

It is worthy of remark, that the East-India Company were once an object of the bitter hostility of the cotton manufacturers of this country, on account of their importation of Indian piece goods; for it has ever been the custom amongst the producers in England to view British India with the same jealous feelings with which they contemplate foreign states. In the year 1787 a pamphlet was published,* the design of which was “to warn the nation of the bad consequences which would result from the rivalry of the East-India cotton goods.” Mr. Milburn (one of the authorities in whom Mr. Whitmore fully confides) gives the following account of this attack upon the Company,† and his observations are extremely applicable to the present state of things.

The manufacturers having embarked large sums, and *made larger quantities of goods than a vent could be found for*, the East-India Company’s imports of piece goods being considerably increased, the manufacturers presented a memorial to the Privy Council, charging the Company with having purposely augmented the quantity of their goods, and lowered their prices, in order to ruin them, and destroy British industry; and among other plans for relieving their distress,

were

* Entitled “An important Crisis in the Calico and Muslin Manufacturers of this Country explained.”

† Orient. Commerce, vol. ii. p. 232.

were desirous of excluding the Company from importing any white cotton goods.

The circumstance which gave birth to the clamour against the Indian manufactures in 1788, was not occasioned by any unusual exertions on the part of the Company, any unusual quantity of Indian goods exposed to sale, or any disposition on the part of the public to prefer the manufactures of India to those of Great Britain; but solely *the distress in which many individuals were involved, in consequence of their having pushed their enterprizes beyond due bounds, by raising fictitious credits and circulation to an unprecedented extent, and which occasioned the ruin of numbers.* The manufacturers conceived that if the Company could be prevented from importing, they should be able to dispose of their surplus stocks; but it has been found that the extent of those circulations, and the consequent failures, exceeded the total amount of the Company's annual sale of Indian goods; therefore effectual relief could not thereby have been obtained; and it is remarkable, that although the Company's importations and sales continued without variation, yet a few months after those pernicious circulations were put a stop to, the latter's manufactures at home flourished as usual, and in the two following years made very rapid and extraordinary progress in their increase.

This is, however, a digression from our route: the subject before us is the accounts to which we referred at the beginning. We have recourse to them, first, for the sake of shewing the nature and extent of the trade carried on by the Americans with India, upon which much stress is laid. The following is an abstract statement of the amount of exports from British India by American ships, from the year 1815-16 to the year 1826-27.

Years.	Bengal.	Madras.	Bombay.
	S. Rs.	Arc. Rs.	Bom. Rs.
1815-16.....	44,21,435	31,425	—
1816-17.....	59,98,251	2,43,299	2,73,518
1817-18.....	48,91,053	1,30,156	6,80,987
1818-19.....	70,26,531	1,80,805	16,53,719
1819-20.....	45,87,438	44,945	4,25,945
1820-21.....	19,25,079	1,10,086	—
1821-22.....	38,53,916	2,92,916	—
1822-23.....	30,63,019	6,07,945	—
1823-24.....	12,25,000	27,503	—
1824-25.....	22,89,719	20,246	8,798
1825-26.....	26,10,785	1,22,917	73,409
1826-27.....	6,64,318	9,316	—

Few persons will have the assurance to contend from these data that the American trade with India is increasing; yet why it should not increase in even a greater ratio than our own, is a question which seems to be soluble only by considering the augmentation of the latter as merely fictitious, the result of speculation run mad. We are borne out in this conclusion by the authority of Mr. Prinsep, who says,* that “the Americans pushed their Indian trade *for a while*, more especially in 1818-19, beyond its natural bounds:” and they have had the wisdom to curtail it. He adds: “they brought into this market (Bengal) a portion of those

* External Commerce and Exchanges of Bengal, p. 39.

those excessive supplies of British manufactured goods, which inundated their own markets immediately after the restoration of peace, and thus contributed to injure the sale of those directly imported."

It may, perhaps, be concluded that, as their India trade decreased, their China trade improved. Unfortunately for our theorists, this is not the fact. The following is a statement of their trade with China from 1818-19 to 1826-27.

Years.	Imports into China.			Exports.
	Merchandize.	Bullion	Total.	Total.
	Drs.	Drs.	Drs.	Drs.
1818-19	2,603,151	7,414,000	10,017,151	9,041,755
1819-20	1,861,961	6,297,000	8,158,961	8,182,015
1820-21	not stated	—	—	—
1821-22	3,074,741	5,125,000	8,199,741	7,058,741
1822-23	2,046,558	6,292,840	8,339,398	7,523,492
1823-24	2,217,126	4,096,000	6,313,126	5,677,149
1824-25	2,437,545	6,524,500	8,962,045	8,501,121
1825-26	2,050,831	5,705,200	7,756,031	8,752,562
1826-27	2,002,549	1,841,168	3,843,717	4,363,788

What our petitioners would say to this statement we are curious to know. According to their representations, the effect of excluding the British merchant from the trade with China has been to throw that highly profitable commerce entirely into the hands of the Americans. It would appear then, that,
with

with a magnanimous degree of self-denial, they have not merely refrained from seizing upon the proffered advantage, but have voluntarily reduced the amount of their trade with China from ten millions and a half of dollars, its extent so early as 1805-6, to little more than eight millions !

The account from which this statement is taken is supplied by the East-India Company : its accuracy may, therefore, probably be disputed. Let us take then another account, furnished by the authorities in the United States to the British Consul General at Washington, of the number of vessels belonging to the United States which cleared out from their ports for ports beyond the Cape of Good Hope in each year since 1813.

Years.	Ships.	Tons.	Years.	Ships.	Tons.
1814	5	1,995	1822	73	23,714
1815	73	23,650	1823	80	24,459
1816	106	35,253	1824	66	20,724
1817	122	39,169	1825	87	27,322
1818	118	36,586	1826	67	19,070
1819	76	23,249	1827	55	17,078
1820	85	25,098	1828	46	14,112
1821	86	25,905			

From this official statement it appears that the average annual tonnage in the first four years (excluding 1814), was 33,664 tons ; in the ensuing five years it sunk to 24,485 tons ; and in the next five years, to 19,661 tons, whilst in the last year, which, accord-

ing to the hypothesis of our petitioners, ought to be the largest of this diminished average at least, the tonnage is only 14,112 tons, little more than one-third of what it was in 1817! Since 1821, it appears, from the same statement, several of the American States have given up the eastern trade altogether.

Now, surely, there is something supremely ridiculous, to say nothing harsher, in the allegations of the petitioners, and in the assertions of those who support them in Parliament, that by our own *laches* and false policy the Americans are aggrandizing their trade with India and China, when we find that trade to be diminishing every year in so striking a degree, instead of increasing in a greater ratio than our own.

But these petitioners have, with some tact and dexterity, selected one particular commodity, namely, tea. The Americans, they tell us, have now the exclusive supply, not of their own market only, but that of the whole European continent; and we were prepared to find, in reality, that their tea trade, foreign and domestic, had greatly increased. The official papers afford us ample data upon this point; and the result shows that, suspicious as we were of the allegations of these petitioners, we have exercised too little distrust. It appears that, even upon this topic, they have reasoned not upon facts, to which they had probably no access, but upon their own eager and erroneous presumptions.

The following is a statement of the quantity of tea exported from Canton by the English East-India Company and by the American traders respectively, from the year 1815-16 to the year 1826-27.

Years.	By the East-India Company.		By the Americans.	
	To England.	To British North America.	For American Consumption.	For Foreign Consumption.
	lbs.	lbs.	lbs.	lbs.
1815-16	33,013,387	—	4,514,280	2,731,000
1816-17	29,353,973	—	6,074,100	2,880,000
1817-18	20,151,597	—	7,535,885	2,086,245
1818-19	21,085,860	—	8,884,998	3,103,651
1819-20	28,476,231	—	6,874,847	3,318,156
1820-21	28,545,960	—	not stated	—
1821-22	25,746,439	—	7,600,667	1,711,600
1822-23	27,478,813	—	9,926,400	2,216,000
1823-24	29,761,660	—	8,913,467	1,238,800
1824-25	27,517,938	1,179,150	11,979,467	1,762,000
1825-26	26,321,545	1,499,576	11,441,734	1,360,800
1826-27	38,567,505	1,614,736	8,219,600	357,966

From hence it appears that this exclusive privilege of supplying the Europe market has enabled the Americans—to do what?—to *reduce* their European carrying trade in tea from 2,731,000 lbs. to 357,966 lbs., our own export trade in tea, insignificant as it is, being burthened with double freight, amounting in 1826 to 279,070 lbs. over and above the quantity sent to Ireland! The total export of tea by the Americans from Canton is less at present than prior to the war: for it appears from Mr. Milburn's work,* that

* Oriental Commerce, vol. ii. p. 486.

in 1805-6 the quantity of tea exported by the Americans from Canton was 11,702,800 lbs.

It will, perhaps, be urged that their export trade in tea has taken a new channel, and that the indirect supply of Europe from America has augmented. The following is the value of all teas exported from the United States in 1826 and 1827, the only years given in the account, which emanates from the Board of Trade.

Places.	1826.	1827.
	Dollars.	Dollars.
Holland	230,137	39,566
Gibraltar	235,474	123,158
Hanse Towns and Ports of Germany	337,331	325,410
France on the Atlantic	209,252	126,019
Brazil	80,164	41,236
All other places	216,336	117,054*
Total	1,308,694	772,443

Calling to mind the exaggerated statements of the petitioners as to this part of the question between themselves and the East-India Company, let sober persons look, first, at the vast amount of this trade in tea, from which the British merchant is so shamefully excluded; and secondly at the state of it. If the trade was a profitable one, if there really existed

* The official account states only 17,054 dollars, which is evidently wrong.

isted a demand for tea on the European continent, is it to be imagined that the supply would be what it is, and that it would not increase in the sole hands of the Americans, in a prodigious degree, considering the flatness of the markets in respect to all articles where there is competition ?

Proceed we next to analyze that portion of the official accounts which relates to the prices of tea on the Continent, which accounts are furnished exclusively by the British Consuls-General and Consuls resident in the respective countries, at the requisition of his Majesty's Secretary of State for Foreign Affairs; the statements may therefore be relied upon as unexceptionably accurate, and framed without any possible view to hypothesis, or in fact to any specific question whatsoever.

The reader's attention should previously be called to a fact, which he might possibly overlook, namely, that the small quantity of tea supplied to foreign Europe by sea, coupled with the diminution of the demand for it there, affords a convincing proof of what is specifically stated in some of the Consuls' reports, that tea is not an article in request in, or to the taste of, the neighbouring countries. Hence arise the inequality of prices in different states, and the very low rate at which it is sold at some places; the people being tempted to buy by the cheapness of the article, which must necessarily be of an inferior quality.

The first account relates to Russia; it is a communication from Sir Daniel Bayley, our consul-general at St. Petersburg, and contains the following details. Nearly all the tea destined for the consumption of
Russia

Russia is brought from Kiachta, to the great annual fair at Negenei Novogorod, from whence it is distributed throughout the empire. As it is procured by barter from the Chinese, and even disposed of by barter at Negenei Novogorod, its original money-price cannot be fixed, which is to be regretted. The quantity imported into Russia from Kiachta, Astrachan, and other places, in the four years ending 1827, was as follows :—

Years.	Quantity.	Value Reported.
	Poods.	Roubles.
1824	154,197	6,260,429
1825	133,514	4,807,049
1826	130,562	5,675,992
1827	161,958	6,719,166
Exported during the four years...	580,231	23,462,636
	3,843	775,730
Net Total	576,388	22,686,906

This total gives, for the consumption of sixty millions of people, on an average, 144,092 poods per annum, of the value of 5,671,726 roubles, equal to 5,187,492 lbs. English, reckoning the pood at 36 lbs. ; the value £248,346, taking the exchange at 10½d. per rouble : this value is exclusive of the duty, which varies from 1s. 5d. to 1s. 11d. per lb. English. Sir Daniel imagines, from the reduction in the retail prices

prices of common teas, that the importation in 1828, of which he could not procure any authentic statement, has exceeded the usual average.

To shew the selling prices of tea, he encloses an original price-current from one of the principal retail-dealers in St. Petersburg, adding that the prices are nearly the same at all the principal cities in the empire. The following are the prices reduced into English measure and value.

BLACK TEAS.		<i>s.</i>	<i>d.</i>
Ordinary.....	per English lb.	5	10
Do., 1st quality		6	9 $\frac{3}{4}$
Majookon		7	9 $\frac{1}{4}$
Bohea		8	9
Do., 1st quality		9	8 $\frac{1}{2}$
Buds (bourgeons).....		11	8
Do. called Vanzóuntscho-Dzi		12	7 $\frac{1}{2}$
Do. do. Leansine, or Fragrant		14	7
Do. do. Losana-Osaka		17	6
Do. do. Pekoe or Imperial.....		21	4 $\frac{1}{2}$
Do. do. Three lilics or roses		29	2

GREEN TEAS.			
Ordinary		6	9 $\frac{3}{4}$
Lianze		7	9 $\frac{1}{4}$
Pearl, 1st quality		9	8 $\frac{1}{2}$
In small boxes.....		11	8
Superior, called ChingChay, or Choulán		14	7
New, do. Losana-nosegay, the box ...		38	10 $\frac{1}{2}$

The tea brought into Russia is said by our petitioners to be superior to that imported by the East-India-Company. It is to be hoped, for the sake of the poor Russian consumer, that it is so ; whether the quality be so fine as to counterbalance the difference of prices, may

may be doubted. Bohea, of the best quality, may be had in London for 3s. 6d. per lb. at the utmost; the lowest quality, we see, sells at St. Petersburg for 8s. 9d.

Let us next proceed to the report from Hamburgh, giving an account of the consumption and prices of tea in the Hanse Towns, whither the great bulk of the American supply is sent. The consumption of tea in the Hanse Towns it is impossible, it appears, to ascertain; the duty on importation being only one-sixth per cent. (which upon the inferior sorts of tea is too small for computation), the custom-house records do not shew the whole of the quantity imported. Subjoined is a statement of the retail prices at Bremen and Lubeck (those at Hamburgh being wholesale only), in English money: it is not, however, stated whether the weights are English.

Sorts of Tea.	At Bremen.				At Lubeck.			
	s.	d.	s.	d.	s.	d.	s.	d.
Bohea..... per lb.	1	11½				—		
Congou	1	7½	to	1 8	1	2	to	1 10
Campoi		—			1	6	—	2 1
Souchong		—			1	1	—	3 0
Hyson Skin	1	4½	—	1 11¼	1	4	—	2 5
Twankay		—			1	8	—	2 1
Young Hyson.....		—			1	10	—	3 0
Hyson	3	4	—	3 7¼	3	0	—	5 3
Gunpowder	3	10½	—	4 5¼	3	7	—	6 0
Pekoe.....	4	5½	—	10 0	4	10	—	10 6

Some

Some letters are subjoined to this statement, to which we beg the reader's attention. A merchant at Hamburgh writes to the British consul-general, that the market of Hamburgh, as well as that of Holland, is overstocked with tea, and that the *prices since 1816 are reduced to one-third*. He observes: "the late failures in the United States, the balance of two or three millions of dollars due to the American customs, the loss of the Dutch Trading Company, computed at 2,000,000 florins during the last four years, *sufficiently prove the trade has of late been carried on without benefit.*" He adds, that the consumption of tea in Germany, though slowly increasing, is very moderate; and that "fine black tea, the staple consumption of Great Britain, scarcely appears in the market."

The British vice-consul at Bremen states, that the consumption of tea in that city is not considerable; its importation is chiefly from the United States, and never in whole cargoes, but occupying a small portion of ship-room. The vice-consul at Lubeck states, that there is no wholesale trade in tea there, and but a very irregular one in the retail line.

So much for the Hanse Towns, the great theatre of American speculation; the result of which has been to overstock the market with inferior teas (the tea ordinarily consumed in England being scarcely known there), to knock down the prices one-third (below, as we shall prove, those at Canton), and, what is the unavoidable consequence, to ruin the Americans and their Dutch competitors. These official statements will then hardly bear out the assertions respecting the prosperity of the American China trade, and that "teas of the same quality as the Company's may be purchased at the Hanse Towns at one-half their prices,

prices, exclusive of the duty :” one of the most audacious misstatements ever made, even at Liverpool.

Proceed we now to France. Our consul-general at Paris has procured an official statement of the quantity of tea imported into that country, from the administration of the customs in France ; no other means exist of ascertaining the consumption.

In the year 1820	83,366 kilogrammes.
1821	79,144
1822	83,597
1823	70,057
1824	89,030
1825.....	146,719
1826.....	72,801
1827.....	167,714
<hr/>	
Total	798,248

The annual average is 99,803 kilogrammes, or 220,053 lbs. English, for the whole population of France ! The prices are shown in the *Prix Courant Général et Légal des Marchandises sur la Place de Paris*, published weekly, viz.

	s.	d.	s.	d.
Bohea.....per lb.	1	9	—	—
Congou.....	2	1	—	—
Souchong.....	2	3	to 2	9
Pekoe	4	10	— 6	11
Hyson Skin	1	9	— 1	11
Twankay	2	7½	— 2	9
Hyson	2	11	— 3	3½
Pearl or Gunpowder	4	8	—	—

The

The duty on tea, without regard to quality, is 1s. 2½d. per lb. by a foreign ship; and from 9½d. to 1s. 1½d. by a French ship, according to the other circumstances of importation. We shall show that these prices, like those in the Hanse Towns, are below prime cost.

At Naples the quantity of tea imported was in 1826, 5,961 lbs., in 1827 3,419 lbs.; the price of green tea is 7s. 4d. per lb. English; of black tea, 6s. 8d. per lb. ! The duty is 8d. per lb.

In Sicily, the consumption of tea is stated to be about twenty chests per annum, which is chiefly imported from the United States. The Sicilians seldom make use of it, the report states, except in illness as a medicine, and the tea is "of a very inferior quality." The retail price, nevertheless, is for bohea, 4s. per lb., for green, 6s. per lb. English weight. The duty, without regard to quality, is 1s. 3d. per lb.

In the Austrian states on the Adriatic, the consumption of tea is stated to be very trifling, not amounting, in the whole of the southern parts of the Austrian states, to 1,100 lbs. annually. Its price at Venice, where there is only one quality known, an inferior hyson, is from 7s. 6d. to 8s. per lb. avoirdupois. The duty is 1s. 5½d. per lb. At Trieste, tea is free of duty, and its prices are as follows: hyson 2s. to 3s. 4d. per lb.; souchong 2s. 9d., gunpowder 5s. At Fiume and Ragusa, where it is also free, and where a small quantity of hyson is consumed, its price is 5s. 6d. per lb.

At Dantzic, the port of Prussia, there is no wholesale trade in tea; the quantity consumed in Prussia is not given. The retail prices are as follows:—

	<i>s.</i>	<i>d.</i>		<i>s.</i>	<i>d.</i>
Congou per lb.	2	6	to	3	4½
Hyson	3	10	—	4	10
Gunpowder	7	8½	—	9	8
Pekoe	7	8	—	13	6

The duty for consumption is 3½d. per lb.

Our consul at Frankfort has furnished a detailed report of the consumption and prices of tea at that city and in the confederate states of Germany. At Frankfort the consumption duty on tea is only 10d. per cwt., a rate so low that the custom registers have no accurate records of the importation, as no drawback is allowed on its exportation. Mr. Köch, the consul, states, however, that not more than 100 cwt. is consumed in the town and territory of Frankfort, forming a population of 70,000 souls, equal to about one-eighth part of a pound for each individual per annum. This estimate, low as it is, he says, cannot serve as a general basis for Germany, “as in some parts of it no tea is drunk, and in others very little, the people being in the habit of drinking coffee for breakfast, and beer or wine at other meals.” The prices of tea at Frankfort are as follows:—

BLACK TEAS.	<i>s.</i>	<i>d.</i>		<i>s.</i>	<i>d.</i>
Bohea per lb.	1	0	to	1	3
Congou and Campoi	2	1	—	3	0
Souchong	2	6	—	3	4
Pouchong	3	0	—	3	4
Padree Souchong	4	0	—	—	—
Padree Ziun Tioung	3	9	—	4	8
Piero	5	0	—	10	0
Caravan (Russian)	10	0	—	11	8

GREEN TEAS.		s.	d.		s.	d.
Hyson Skin	per lb.	2	1	to	2	11
Singlo		3	0		—	
Twankay		2	6	—	3	4
Young Hyson		3	4	—	4	2
Hyson		3	9	—	6	8
Imperial or Pearl		4	7	—	7	6
Gunpowder		7	6	—	8	4
Tchi or Rugel		8	4	—	9	2
Soolong		6	8	—	7	6
Bloom		5	10	—	7	6
Caravan (Russian)		13	4	—	15	0

Upon reference to our price-current, it will be seen that most of these prices are actually *higher*, some of them considerably so, than those of the Company's teas, so much superior in quality !

Denmark, according to Mr. Consul Fenwick's report, is wholly supplied by the Danish Asiatic Company, who pay only two per cent. *ad valorem* for their teas, whilst other importers pay from 10½d. to 1s. 2d. per lb., which operates as a prohibition of a foreign supply. As the Company limit their imports to the wants of the country, their sales afford a correct criterion of the annual consumption, which appears to amount to 129,000 lbs. only. The Company, after their sale in September 1828, had on hand 635,000 lbs., about five years' consumption ! The prices at the last sales were as follows :

	s.	d.		s.	d.
Bohea	1	8		—	
Congou	2	4	to	2	6
Campoï	2	5	—	2	8
Souchong	2	6	—	2	8
Padree Zioun Ziorang	2	10		—	
Hyson	4	0	—	4	1

and fine teas, in lead canisters, proportionally higher.

Here

Here, again, the reader will find that, instead of the Company's teas being *double* the price of the continental, they are really *lower*.

The next report is from the Netherlands, where the whole consumption of tea is estimated at 2,000,000 lbs. per annum. A recent decree of the king of the Netherlands, dated 10th September last, has authorized the importation of tea from China into entrepôts in the kingdom, by Netherland ships, for exportation to foreign parts, free of duty, which will interfere materially with the American tea trade.

The prices of tea in the Netherlands is shown in the following table.

Sorts of Tea.	In the Southern Provinces.				In the Northern Provinces.			
	s.	d.	s.	d.	s.	d.	s.	d.
Bohea..... per lb.	0	8 $\frac{1}{4}$	to	0 10	0	8	to	1 7
Congou.....	1	2 $\frac{1}{2}$	—	1 7	1	1 $\frac{1}{2}$	—	1 11 $\frac{1}{2}$
Campoi.....	1	4 $\frac{1}{4}$	—	1 9 $\frac{3}{4}$	1	1 $\frac{1}{2}$	—	2 7
Souchong	1	3 $\frac{1}{2}$	—	1 9 $\frac{3}{4}$	1	1 $\frac{1}{2}$	—	3 3 $\frac{1}{2}$
Pekoe	5	0	—	6 5 $\frac{1}{4}$	3	11	—	6 0
Twankay	1	5 $\frac{1}{4}$	—	1 9 $\frac{3}{4}$	—	—	—	—
Hyson Skin	1	3 $\frac{1}{2}$	—	1 8	1	1 $\frac{1}{2}$	—	1 10 $\frac{1}{2}$
Young Hyson (or Uxim)	1	8	—	1 11 $\frac{3}{4}$	1	4 $\frac{1}{2}$	—	2 3
Hyson	2	6	—	3 5	2	5	—	3 2
Gunpowder	4	4 $\frac{1}{2}$	—	4 6 $\frac{1}{2}$	3	0	—	4 6
Imperial	3	5	—	4 8 $\frac{1}{4}$	—	—	—	—

The consumption duty on congo and bohea teas is 5s. 11d. the cwt., and on other sorts 10s. 2d. the cwt. if imported in Netherlands vessels ; if in foreign vessels that have not broken bulk, from China or Netherlands possessions, 15s. 3d. and 28s. 10d. per cwt. In the former case, therefore, the duty is from $\frac{1}{2}$ d. to 1d. per lb. only.

Here it is necessary for the reader to recall to mind what has been said in explanation of the low prices in the Hanse Towns, namely, that the Dutch trading Company has been losing at the rate of half a million of florins annually, for the last four years, by the importation of teas, which, with the influx of the American cargoes, has overstocked the market of Holland with inferior teas, and reduced the prices to one-third of what they were in 1816, that is, of their fair price ; although the American exports for European consumption were in that year more than double their annual amount, on an average, for the last four years.

Let the reader adjust this table accordingly, recollecting that the staple black teas of England are stated to be unknown on the Continent, and then say how fair is the statement, that “ the Company dispose of tea at *double* the prices at which *a similar quality* can be had *at any of the continental ports of Europe*, independently altogether of the duties paid to government :” the unblushing assertion ventured to Parliament in the petition of the merchants and bankers of Glasgow. The fine black tea (pckoe) is dearer than ours.

The consumption of tea in the Sardinian states (on the continent) is about 5,600 lbs. ; the actual price of
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the article in those states is given according to Genoese, not English weight ; lest we should err in converting one from the other, we think it best to omit the prices here.

In Tuscany the consumption of tea is chiefly confined to the foreigners who reside at Florence and Leghorn, the natives using it only medicinally. The quantity is computed to amount to a trifle of 3,000 lbs. or 4,000 lbs. annually. Here too the weights are not English.

In the Roman states, the average yearly consumption of tea is 4,243 lbs., the rate of duty is 11d. per lb. ; the prices are as follows :—

	s.	d.
Bohea per lb. English	3	4
Congo and Souchong	4	0
Hyson	4	9
Gunpowder	8	7
Pekoe	6	4½
Pearl and Imperial	7	0½

In the Governo del Litorale of Trieste, the county of Gorizia and the peninsula of Istria, the number of inhabitants in which is about 300,000, the consumption of tea is so insignificant, says the British consul at Trieste, “ as to warrant the assertion that it is scarcely to be considered as an object of trade ; it is used more as a medicine than as a necessary article of subsistence, or an agreeable beverage, except by the English families resident there, and a few others in the higher circles. The importation in British vessels is limited to small parcels brought by masters of ships, and I am credibly informed has not amounted to 1,000 lbs. during the last nine years. A more considerable quantity (about 3,000 lbs.) was imported
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some years ago in an American ship, and left in commission with an English house here; but the greater part notwithstanding the extreme lowness of the prices, still remains unsold, and I am assured that it is very doubtful whether wholesale buyers could be found for it even at a reduction of thirty per cent. !” The article is free of duty in Trieste and its liberties, and also in Istria. The prices at Trieste are as follows :—

	s.	d.
Souchong..... per lb. English	2	9
Hyson Skin	2	0
Hyson	3	4
Gunpowder or Pearl	5	0

We have now gone minutely and carefully through the whole of the official reports respecting the consumption and prices of tea in the different countries of Europe, and we confidently appeal to every impartial person, whether the whole of the allegations on these points contained in the memorials presented to Parliament, by the petitioners for an open trade to China, are not barefaced misrepresentations. With every possible advantage which could result from the absence of competition in the market, and the natural tendency of progressive prosperity, on the continent of Europe (especially France and Germany), to augment the demand for luxuries, the American trade in tea thither has been obviously a losing one, and in spite of the ruinous depression of prices, the utmost exertion of American and Dutch speculators has been unable to create a demand for it. amongst a people whose taste naturally leads them to adhere to the use of their own thin and low-priced wines as an ordinary beverage. With respect to prices, there never was a

more audacious falsehood uttered than the assertion, that "the Company dispose of tea at double the prices at which a similar quality can be had at any of the continental ports of Europe," to say nothing about duty. In Russia (which has a large and regular supply of its own, direct from China), at Naples, Venice, Fiume, and in the Roman states, the selling prices of tea, notwithstanding the low duties payable on the article in those countries, are actually *higher than our retail prices, after the payment of a duty of one hundred per cent.*! The prices in Prussia, Franconia, and the south-west of Germany, Denmark, and Sicily, are equal to or higher than our own prices would be, if our teas paid the same duties as are imposed upon teas in those places. There only remain, then, France, the Hanse Towns, and the Netherlands.

Now with respect to France: the importation of tea (the only criterion of the consumption, which is likelier, of course, to be less than more) into that country amounted, in 1826, to 160,000 lbs., too small a fraction for each inhabitant to be computed! As in that year the quantity imported fell below that in the preceding, which was a year of exorbitant importation, to obviate cavil, we will take the average of the seven years, ending 1826, which is 196,000 lbs., as the maximum to which the consumption of tea has been raised in France by all the efforts of speculators, American and Dutch. Now, in 1827, the quantity imported into that country was 369,000 lbs., which is 173,000 lbs., or 88 per cent., beyond the maximum of consumption. Is it to be imagined that this excess (of which, the reader will perceive, by a statement already given, 126,000 lbs. consisted of American

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can teas, the remainder probably the equally inferior Dutch teas) did not reduce the prices below their natural and proper level? MM. Say and Sismondi, the French economists, would tell us, that if any article of mere luxury were introduced into any market to an extent double the effectual demand for it, the price of that article will inevitably descend below the prime cost of production, till the superabundant quantity be absorbed, and perhaps much longer: and this is the fact.

Waving all argument respecting the superior quality of the English teas, we submit to the reader a statement of the prices of teas at Canton agreeably to the last price-current from thence, in order that he may compare those prices (which never vary materially) with those given as the wholesale prices in France, the Hanse Towns, and the Netherlands (without the duty), which we assume to be those of importation.*

* In computing the figures in this table, we have taken the China tale at 6s. 8d., the pecul at 133½ lbs. The duty we have subtracted from the French prices is 1s. 2½d. per lb. due on tea imported by a foreign ship, which we assume to be the case with all the tea brought into France. As the duty on tea in the Hanse Town is trifling, we have made no deduction from the wholesale prices at Hamburgh and Bremen, giving our adversaries this benefit; and we have deducted the *very lowest duty* payable on teas at Antwerp, namely, 5s. 11d. per cwt. for bohea, and 10s. 2d. for other teas (though in some circumstances the duty would be £1. 2s. 10½d. and £2. 3s. 3d.); and we have rejected all fractions below a farthing, giving the benefit of the rejection to the adverse party. We have reason to think that we have taken some of the continental prices *too high*. If the tale is assumed at more than its intrinsic value, the difference will not destroy our argument. To reduce the price of bohea at Canton even *one penny*, the tale must be taken so low as 5s. 10½d.

TEAS.	Prices at Canton. February 1899.		Prices in France, November 1899.		Prices at Hamburg, January 1899.		Prices at Bremen, January 1899.		Prices at Antwerp, November 1898.	
	s. d.	s. d.	s. d.	s. d.	d. s. d.	s. d.	s. d.	s. d.	s. d.	s. d.
Boheaper b.	0 8½	to 0 9	0 6½	—	0 5 to 0 7	0 9½	to 0 10	0 7½	to 0 9½	
Congou	0 11	— 1 0	0 10½	—	0 8½ — 0 10½	0 11½	— 1 3	1 1½	— 1 6	
Campoi	0 11	— 1 0	—	—	0 8½ — 1 0	0 11½	— 1 3	1 3½	— 1 8½	
Souchong.....	0 10½	— 1 2½	1 0½	to 1 6½	0 5 — 1 3½	0 11	— 1 3	1 2½	— 1 8½	
Hyson	1 9½	— 2 3	1 8½	— 2 1	1 10 — 2 8½	2 9	— 2 11	2 5	— 3 4	
Hyson Skin.....	0 6	— 1 0	0 6½	— 0 8½	0 6½ — 1 0½	0 11½	— 1 4½	1 2½	— 1 7	
Young Hyson.....	1 8½	—	—	—	0 9 — 1 4½	1 1½	— 1 11½	1 7	— 1 10½	
Twankay	0 11	— 1 1½	1 5	— 1 6½	0 7½ — 1 3½	—	—	1 4½	— 1 8½	
Gunpowder.....	2 3	— 2 6	3 5½	—	2 4½ — 2 9½	3 0	— 3 4	4 3½	— 4 5½	
Pekoe	2 6	— 3 0	3 7½	— 5 8½	2 10½ — 4 7	2 9	— 8 4	4 11	— 6 4½	

Be pleased, gentle reader, to cast your eye over this table. You will find that bohea, which is not to be had in China at a lower rate than $8\frac{1}{2}$ d. per lb., may be purchased at Antwerp for $7\frac{3}{4}$ d., in France for $6\frac{1}{2}$ d., and at Hamburgh for 5d. Congou, which sells at Canton at from 11d. to 1s. per lb., is purchasable in France at $10\frac{1}{2}$ d., and at Hamburgh at from $8\frac{1}{4}$ d. to $10\frac{1}{4}$ d. The price of campoi at Canton is 11d.; at Hamburgh it is only $8\frac{1}{2}$ d. Hyson sells for 1s. $9\frac{3}{4}$ d. at Canton, but for only 1s. $8\frac{1}{2}$ d. in France. Young Hyson cannot be had at Canton under 1s. $8\frac{1}{2}$ d. per lb., but it may be got at Hamburgh for 9d., much less than one-half ! Twankay sells for 11d. per lb. at the place where it is grown, but, thanks to American speculation, at Hamburgh it may be had for $7\frac{1}{4}$ d. But the climax is the price of Souchong at Hamburgh, which is 5d. per lb., the same as the lowest description of common bohea in that market, and little more than half the price of bohea in that of Canton ! !

The bankers and merchants of Glasgow, if they rely upon these prices as the basis of their allegation, should really have gone a little further, and stated, that not only the East-India Company in England, but the sellers of tea at Canton, exact double the prices at which teas of the same quality can be procured on the Continent. Let any man of sane mind be asked, whether a statement of prices, which represents a commodity, after various charges, cheaper by one-half to the consumer than at the place of its growth, is a sure criterion for legislation ? To be sure, Mr. Hume says it is ; and Mr. Hume is an “honourable” man.

No more need be said upon this topic ; though many
other

other reflections suggest themselves: as the striking disparity of prices at Hamburgh, Bremen, and Antwerp; the irregularity of that disparity; the false proportion of prices between the different qualities of teas, not only at the different places but at the same place; all denoting an utter derangement of the trade. Mr. Hume would probably find some difficulty in explaining why the Americans supply the continental market and their own at such different rates; why hyson, for example, should be from 2s. 8½d. to 4s. 4½d. at New York, and from 1s. 8½d. to 2s. 1d. in France; why they make their own countrymen pay 2s. 1¾d. and 3s. 1¼d. for young hyson, whilst they sell it (or at least could procure it) at Hamburgh, for 9d. and 1s. 4¾d.

The truth is, that the parts of the continent where teas are so low, have been overwhelmed with Anke or Ankoy teas, or some other rubbish, which is unsaleable unless dirt-cheap; and to institute a comparison between their prices and those of the Company's teas, selected with the utmost care, is folly or imposture. A trade of this kind can never be profitable in the end; and accordingly, although we are assured, by those to whom bold assertions cost nothing, that the tea trade, in the hands of the Americans, is prospering, the *fact* is, that whilst in 1826-27 the quantity of tea they shipped from Canton for their own and the continental market was 8,577,566 lbs., the quantity in 1805-6, upwards of twenty years before, was 11,702,800 lbs. These are strange proofs of prosperity and progression!

Another favourite topic of the petitioners is the smallness of the trade carried on with China under the

the present system. Do they know its amount? Are they ignorant, or do they know it and wish to conceal the fact from the country at large, that the total value of the British trade with China is much more than double that of our commerce with the neighbouring friendly country of France, and far more beneficial? Since the year 1814-15, the amount of the trade between the subjects of Great Britain and China has never been less than about six millions sterling, and in the last year returned, 1826-27, it was £7,303,710; whereas our total trade with France, even in 1828, was of the value of but £3,151,113, whereof the imports were £2,604,182, the exports being only £546,931.

It is a subject of regret that such a man as Mr. Huskisson should commit himself so egregiously as he has done on this question. It is true, he candidly confesses that "he knew nothing of the facts connected with this trade, but what he had been told by persons connected with it," namely, his Liverpool constituents; yet an ordinary official knowledge of the statutes ought to have guarded him against so palpable a blunder, as that of upbraiding the Company for keeping a year's stock of teas in their warehouses, as if it was a matter of choice with them; whereas this "monstrous obligation," as he terms it, is imposed upon them, for public benefit, by law, and the Company comply therewith at an annual sacrifice of £150,000 interest on capital unemployed! What is still more extraordinary, Mr. Huskisson, professing to quote from a paper on the table of the House, stated that the tonnage employed in the East-India trade was in 1813 only 28,000 tons, and in 1828 it

was

was 109,000 tons, “ so that the increasing progress of industry,” he triumphantly says, “ has been in this instance fully realized ;” whereas, as Mr. Astell promptly observed, the official paper bore upon the face of it the statement that for the year 1813 the Company’s tonnage alone was stated, the records of the private trade being destroyed at the fire of the Custom-house. *The fact* is, that the private tonnage was 50,000 tons in 1815, and 68,000 in 1828; the Company’s 34,000 tons in 1815, and 41,000 in 1828, shewing an increase to nearly the same extent.

Upon the whole, if the Legislature be firm, and the mass of the people be upon their guard, the Company need entertain no apprehensions as to the result of this question. Their assailants are mostly actuated by urgent motives of interest, by which some of them may, perhaps, be self-deceived ; but not a few of the most strenuous opponents of the Company know that if an experiment were tried, which should disastrously fail, they would still, individually, be gainers.

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